Daily Report

Latin America

FBIS-LAT-94-034
Friday
18 February 1994

Daily Report
Latin America

FBIS-LAT-94-034 18 February 1994

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

INTER-AMERICAN AFFAIRS

Old Border Posts, Bureaucracy Hinder Central American Trade *[ACAN]* 1

CARIBBEAN

Cuba

Fidel Castro Receives French Parliamentary Delegation *[Havana Radio]* 2
Robaina, Diplomatic Corps Tour Central Cuba *[Havana Radio]* 2
Defense Minister Rejects Desertion of Armed Forces Soldiers *[NOTIMEX]* 2
Machado Ventura Terms UBPC's 'Socialist Solution' *[Havana Radio]* 3
Baena Soares Insists OAS Readmit Cuba *[Havana Radio]* 3
Newspapers Advertise 'Foreign Partners Wanted' *[AFP]* 3
Self-Employed in 20 Percent of Authorized Jobs *[Havana Radio]* 4
Cayo Largo Air Surveillance Unit Members Interviewed *[Havana TV]* 4
Roundup of Economic Activity *[Havana Radio, TV]* 4

Dominican Republic

* Budget Passed for 1994 Tops 23.17 Billion Pesos *[EL SIGLO 23 Dec]* 5
* Summary of Economic Information *[EL SIGLO 1 Dec]* 6
* Government Public Works Spending Up 65 Percent *[EL SIGLO 26 Nov]* 7
* Jan-Oct Income Tax Receipts Top 3,777 Billion Pesos *[EL SIGLO 22 Nov]* 7
* Falconbridge Tax Payments Drop 74.3 Percent *[EL SIGLO 19 Nov]* 8

Haiti

Clash Reported Between Army Patrol, Armed Men on 2 Feb *[Port-au-Prince Radio]* 8
PANPRA 'Leanings' Precipitate Leader Resignations *[Port-au-Prince Radio]* 9
'Political Truce' Observed During Carnival Festivities *[Port-au-Prince Radio]* 9
Employers, Unions Collaborate on Crisis Resolution *[Port-au-Prince Radio]* 9

MEXICO

Camacho Solis Announces Begining of Peace Talks *[Madrid EFE]* 10
Comments on Start Date *[Mexico City TV]* 10
Parties React *[Mexico City Radio]* 10
Roundup of Electoral Developments *[Mexico City TV, etc.]* 11
Government Allots 2 Percent of GDP to Debt Service *[NOTIMEX]* 13

CENTRAL AMERICA

El Salvador

FMLN Urges UN To Continue Human Rights Scrutiny *[DIARIO LATINO 15 Feb]* 14
FMLN on Governmental Criticism of UN Rights Report *[ACAN]* 14
Honduras' Discua Cited on Separating Police, Armed Forces *[ACAN]* 15
Cristiani Denies Government Needs Pressuring With Elections *[San Salvador Radio]* 15
Roundup of Electoral Developments *[San Salvador Radio, etc.]* 16

Guatemala

Copaz Requests No Change in Military Peace Negotiators *[ACAN]* 16

Honduras

Reina Denies Anti-Castro Force Training on Swan Islands *[Tegucigalpa Radio]* 17

Nicaragua

EPS Chief Conditions Army Reduction to Rebel Disarmament *[NOTIMEX]* 17
FSLN Directorate Member Presents Program Proposal *[BARRICADA 16 Feb]* 18
FSLN Criticizes U.S. 'Threat' To Deport Nicaraguans *[BARRICADA 15 Feb]* 19
FRG Deputy Foreign Minister Vows To Maintain Aid *[Managua TV]* 19
Presidency Spokesman Danilo Lacayo Resigns *[Managua TV]* 20
* Mexicans Finance Peanut Production *[LA PRENSA 21 Jan]* 20
* New Development Center Established *[EL NUEVO DIARIO 29 Jan]* 20
* Plans for Ginger, Sweet Potato Financing Reported *[LA PRENSA 1 Feb]* 20
* Political Parties Join Forces *[LA PRENSA 23 Jan]* 21

Panama

Candidate Carles Decries Widespread Corruption *[LA PRENSA 16 Feb]* 21
Roundup of Electoral Developments *[LA PRENSA 10 Feb, etc.]* 21

SOUTH AMERICA

Bolivia

Poll Shows Support For Government Decreasing *[EL MUNDO 9 Feb]* 23
Government May Buy Coca Land In Zero Option Project *[LOS TIEMPOS 8 Feb]* 23
* Bolivia: Guarani 'Slavery' Found in Chaco *[PRESENCIA 16 Jan]* 23
Roundup of Reportage on Economic Activities *[EL MUNDO 9 Feb, etc.]* 24

Brazil

Differences Persist in Talks To Prevent U.S. Sanctions *[O GLOBO 17 Feb]* 24
Finance Minister Again Denies President Aspirations *[Brasilia Radio]* 25
Cardiologist Ferreira May Become PRN Candidate *[FOLHA DE SAO PAULO 15 Feb]* 25
New Leaders Emerging in Senate, Chamber of Deputies *[O GLOBO 16 Feb]* 25
Party Bloc Leaders Noted *[O GLOBO 16 Feb]* 26
New Congressional, Political Leadership Reviewed *[O GLOBO 16 Feb]* 27
Nuclear Equipment Kept in Warehouses Said Obsolete *[O ESTADO DE SAO PAULO 15 Feb]* 27
Roundup of Economic Activity Reportage *[FOLHA DE SAO PAULO 9 Feb, etc.]* 28

Colombia

Oil Workers Strike To Protest Union Leader's Arrest *[AFP]* 28
Roundup of Electoral Developments *[Madrid EFE, etc.]* 28

Paraguay

Foreign Minister Dismisses Possible U.S. 'Retaliation' *[ULTIMA HORA 17 Feb]* 29
Roundup of Economic Activity Reportage *[HOY 5 Feb, etc.]* 29

Peru

Presidential Communique Announces New Ministers *[AFP]* 30
Cabinet Changes Announced *[Lima Radio]* 30
Sentences Sought in La Cantuta Case Considered 'Mild' *[Lima TV]* 30
Ex-DEA 'Agent' Links Generals to Drugs *[LA REPUBLICA 7 Feb]* 31

Officials Find Victims' Remains; Peasant Patrols Blamed *[LA REPUBLICA 5 Feb]* 33
Registry of Arrested People Implemented *[EL PERUANO 10 Feb]* 33
Police Force Officers 'Invited' To Retire *[EXPRESO 5 Feb]* 34
Interior Minister Discusses Police Reorganization *[EXPRESO 8 Feb]* 34
Government Appoints New IDB, Social Development Head *[LA REPUBLICA 31 Jan]* 35
Shining Path Peace Motives Analyzed *[LA REPUBLICA 30 Jan]* 35

Uruguay

President Promotes Officers, Names Deputy Attache to U.S. *[EL PAIS 9 Feb]* 37
Roundup of Reports on Economic Activity *[LA MANANA 11 Feb, etc.]* 38

Venezuela

Oil Chamber President Assails U.S. Gasoline Import Policy *[EL GLOBO 13 Feb]* 38
Energy Minister Cited on Gasoline Prices, Talks With U.S. *[Caracas TV]* 38
Council of Ministers Decides To Reorganize Banco Latino *[Caracas TV]* 39
Roundup of Economic Developments *[Madrid EFE, etc.]* 39
* Vivas Teran Previews Caldera Economic Policies *[EL UNIVERSAL 9 Jan]* 40
* Tax Collections in 1993 Summarized *[EL DIARIO DE CARACAS 14 Jan]* 41
* IVSS President Proposes Measures, Views Reforms *[EL DIARIO DE CARACAS 7 Jan]* 42

Suriname

Foreign Minister on Recovery Measures *[Rotterdam ALGEMEEN DAGBLAD 15 Feb]* 43

Old Border Posts, Bureaucracy Hinder Central American Trade

PA1702195194 Panama City ACAN in Spanish 1513 GMT 13 Feb 94

[All figures as received]

[Text] Guatemala City, 12 Feb (ACAN-EFE)—One of the main regional integration organizations maintains that the 25 border posts along the Central American isthmus constitute an obstacle for free trade and movement of people and that some $42 million needs to be invested to improve this situation.

The Secretariat of Central American Economic Integration (SIECA) reached this conclusion in a report on the situation at 18 of the 24 border posts between the Mexican-Guatemalan border and the Costa Rican-Panamanian border.

SIECA pointed out that the trade and transportation obstacles begin with the numerous bureaucratic procedures needed to cross resulting from a paucity of human resources, infrastructure, and guidelines, and from the lack of common schedules. For example, the regular working day in Guatemala, which has five border posts, begins at 0800 (1400 GMT) and ends at 1630 (2230 GMT), while the working day in El Salvador begins at 0600 (1200 GMT) and ends at 2200 (0400 GMT).

SIECA admits that the customs offices could hardly work 24 hours a day due to the lack of security; it recommends, instead, standardizing services and scheduling a regular working day that begins at 0800 (1400 GMT) and ends at 2200 (0400 GMT). The report also suggests the complete standardization of in-transit fees, as is the case in Costa Rica, El Salvador, Honduras, and Nicaragua. This is not the case, however, in Guatemala and Panama because additional charges affect the competitiveness of products.

As for the facilities, of the 18 offices visited, none is in good condition, except the "El Guasaule" office at the Honduran-Nicaraguan border. All of the others pose problems in the layout out of quarters, offices, warehouses, and stores.

Some countries have already begun to channel funds to improve these "ports of entry." The Nicaraguan Government, for example, is investing $14.3 million, donated by the Central American Bank of Economic Integration, to modernize such facilities. The Costa Rican government, meanwhile, is planning to invest some $100,000 for the same purpose.

About 5 million people and almost 1.5 million tonnes of merchandise go through the Central American border posts each year, enduring the bad condition of border infrastructures. The poor "surface" of the highways worsens this situation. Very few stretches of road near border posts are in good condition.

The Central American Commission to Facilitate Transportation [Comision Centroamericana de Facilitacion de Transporte—Cocafatra] is considering the possibility of carrying out a plan, in the mid term, to refurbish the 24 border posts so that they can handle 10 million people and 3 million tonnes of merchandise by the year 2000. According to preliminary estimates, repairing the existing facilities and building new ones will require some $42 million, 80 percent of which the countries expect to get from international aid.

Cocafatra officials are also analyzing the creation of posts with common facilities, which the two bordering countries will manage and where all procedures can be accomplished. Cocafatra is recommending that a post of this type be in operation by June 1994, but it did not disclose which two countries would participate in this pilot project.

The existing facilities would reportedly be used in the model plan: one facility would house the two countries' customs offices, and the other would house immigration. These two offices could be combined into a single facility if a binational body of trained officers can be formed to minimize bureaucracy.

There are five border posts in Guatemala, six in El Salvador, six in Honduras, four in Nicaragua, two in Costa Rica, and two in Panama.

Cuba

Fidel Castro Receives French Parliamentary Delegation

FL1702154694 Havana Radio Progreso Network in Spanish 1200 GMT 17 Feb 94

[Text] Commander in Chief Fidel Castro has received a French parliamentary delegation, which is headed by Andre Santini, president of the Parliamentary Group of Friendship between France and Cuba and of the French Parliament's Commission for Production and Trade.

This delegation is visiting Cuba at the invitation of the National Assembly of the People's Government. During the cordial and friendly meeting, the Cuban president and the French parliamentarians discussed and exchanged information on several important subjects of international interest.

Present at the meeting were Jean Raphael Dufour, French ambassador to Havana; Carlos Lage, executive secretary of the Council of Ministers; and Alfredo Guevara, deputy and president of the Group of Friendship Between Cuba and France.

Robaina, Diplomatic Corps Tour Central Cuba

FL1802025194 Havana Radio Rebelde Network in Spanish 0000 GMT 18 Feb 94

[Report by correspondent Roberto Cavada—live]

[Text] We will now hear from Rebelde journalist Roberto Cavada, who is at present out in the Escambray Mountains, where a tour by Cuban Foreign Minister Roberto Robaina began today in the company of the diplomatic corps accredited in Cuba. Good evening Cavada. We are ready whenever you are.

[Cavada] Yes, thank you very much. Good evening, people of Cuba. Once again, Cuba's Foreign Ministry has presented to (?the world) the true architect of its diplomacy: the Cuban people.

This evening, over 40 chiefs of mission—ambassadors, consuls, military attaches—left the Cuban capital to learn in detail about all the things that the men and women of the Escambray Mountain areas accomplish daily.

The first stop on this work tour was the Integrated Military Enterprise of the Che Guevara Center in Manicaragua Municipality, Villa Clara Province, very near the community of La Campana, where the visitors were informed about the possibilities the medical industry brings to the nation's life. There, Brigadier General Luis Perez, an engineer and director of the Military Enterprises Union, confirmed that over 40 factories, in addition to making and repairing all the military material for the Revolutionary Armed Forces, are collaborating with tourism, the nickel industry, and petroleum. In this way, the alleged (?veils) that have always existed regarding military information were lifted because, as Foreign Minister Robaina said, at home, there are no hidden truths, and truth is precisely the distinctive sign of Cuba's foreign policy, which arises, without a doubt, from the interior of the country.

The following is the opinion of the Colombian ambassador to Cuba:

[Begin recording] Well, as for me, I must say that [words indistinct], because our idea is to bring businessmen, bring people linked (?to) businesses in Colombia; and this way we can identify the kinds of opportunities, the kind of exchange agreements that can be realized. Thus, it is particularly useful for the ambassadors and for me to begin learning from within how industry is doing, how the Cuban economy is doing. [end recording]

[Cavada] These have been exclusive details of the working tour that began today in central Cuba for the diplomatic corps accredited to Cuba, led by Foreign Minister Roberto Robaina. People of Cuba, Roberto Cavada wishes you a good night.

[Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0100 GMT on 18 February, in a similar report, add, to conclude their report: Tomorrow, the group is scheduled to tour the Topes de Collantes area and a number of Escambray Mountain areas. This tour is part of a new offensive by the Cuban Foreign Ministry. It is undoubtedly a way of meeting with the true protagonists of the foreign policy on the island: our people.]

Defense Minister Rejects Desertion of Armed Forces Soldiers

PA1802005994 Mexico City NOTIMEX in Spanish 1633 GMT 16 Feb 94

[Text] Havana, 16 Feb (NOTIMEX)—It was reported here today Cuban Defense Minister General Raul Castro had rejected the possibility that Revolutionary Armed Forces (FAR) officers and soldiers will surrender or desert massively in the future

"They cannot dream about massive surrenders or a generalized collapse. The fight against us is to the death," the top Cuban military commander has said in a speech to commanders, officers, and midranking personnel of the western Army.

Raul Castro has said the Cuban Government will act forcefully and coldbloodedly, "will not fall for provocations or allow them to take the initiative on any terrain."

Raul Castro, who is also the second secretary of the governing Communist Party, has inaugurated the annual training period of this section of the public force, which encloses the western provinces of Pinar del Rio, Havana, Havana City, and the special municipality of Isla de la Juventud.

He said although the Cuban Armed Forces budget has been cut 50 percent, the training program for FAR commanders, officers, and midranking personnel would be consolidated in 1994.

Up to the beginning of this decade, the former Soviet Union furnished the Cuban Armed Forces with planes, weapons, and ammunition, and top-ranking Cuban officers received military training in that country as well.

At the event, which was held at the San Antonio de los Banos Air Base, President Fidel Castro's brother said despite the current economic crisis in Cuba, FAR made "a giant effort" in 1993 to ensure that its combat capacity not be eroded.

He added he had recently visited Army units in the central and eastern regions of the island and was able to see how the troops were trained, the maintenance given to weapons, the preparation of the military operations area, and how the soldiers tilled the land.

Machado Ventura Terms UBPC's 'Socialist Solution'

FL1702225194 Havana Radio Reloj Network in Spanish 2050 GMT 17 Feb 94

[Text] The Basic Cooperative Production Units [UBPC's] are a socialist solution in keeping with our reality, said Politburo member Jose Ramon Machado Ventura after being informed that this UBPC experiment is doing well in Guane Municipality, Pinar del Rio Province. From a talk with workers at La Catalina UBPC, he learned that they expect to receive over 800 pesos per capita profit at the end of this year, in addition to daily advances for their work.

Machado noted the enthusiasm that prevails in La Catalina because of the results obtained by this UBPC in the short time it has been in existence, and emphasized the need to put into practice the profitability schema, which will be able to systematically measure productivity.

Machado Ventura also exchanged views with workers and leaders of the Camilo Cienfuegos livestock UPBC in Guane Municipality, where he expressed appreciation for that UBPC's good performance.

Baena Soares Insists OAS Readmit Cuba

FL1802025694 Havana Radio Rebelde Network in Spanish 0000 GMT 18 Feb 94

[Text] Friends, as we said in the headlines, OAS Secretary General Joao Baena Soares today reiterated that Cuba should return to the OAS. After the 25th special session [as heard] of the continent-wide organization opened, Baena Soares said that Cuba is a country of the American hemisphere and should for that reason be part of the OAS. Baena Soares announced that he will continue insisting that this matter be again put on the OAS agenda for analysis.

Newspapers Advertise 'Foreign Partners Wanted'

PA1802021594 Paris AFP in Spanish 1152 GMT 17 Feb 94

[Report by Antonio Rally]

[Text] Havana, 17 Feb (AFP)—"Foreign Partner Wanted" by Cuba. Recently, this type of advertisement, which has no ties to the romantic ones that abound in times of crisis, proliferates in two new Cuban economic newspapers addressed to foreign readers. According to the monthly CONTACTOS magazine of the Cuban Chamber of Commerce and the weekly OPCIONES periodical, which began being published in Havana in January, the wanted partner must have funds to invest in the island or a market abroad where Cuban products can be sold.

The request for partners comes from very diverse as well as unexpected prospects in a country that continues to declare itself Communist and that practically eliminated foreign investment since the victory of the revolution in January 1959. Such is the case because not only do small- and medium-sized firms advertise their interest in foreign partners but the most important government associations, oil refineries, sugar factories, textile firms, distilleries, and cement factories do so too. They are organizations that have been partially paralyzed since the fall of the Soviet Union and the divorce from Russia.

Cuban authorities have established a list of 132 priority "investment opportunities," which they are proposing throughout the world in an effort to attract investors with a certain amount of incentives, mainly in the fiscal sector. Those proposals have not prompted great enthusiasm for the Cuban market of 11 million people up to now. However, they have prompted interest by certain businessmen, mainly Europeans, Latin Americans, and Canadians.

According to members of the French National Council Foundation delegation that visited Cuba recently, there is no doubt that President Fidel Castro's regime is willing to open the economic system. Castro met with them for eight hours to confirm the "irreversible" character of the ongoing economic reforms. Communist leaders have asserted that "the Cuban economic opening is not a tactical or circumstantial response but a realistic strategy to permanently adapt the country to a new international economic scenario.

Concerned that their bulky foreign debt could prompt difficulties, mainly with European countries, Cuban leaders have also asserted that "Cuba is willing to consider flexible renegotiation of its foreign debt, taking into account the creditors' interests." Parallel to this, the Castro government has created the International Commerce Bank and inaugurated an area for merchandise in transit that has many of the characteristics of a free zone.

The number of mixed firms is still relatively small—112 in January 1994—but the number of foreign firms being

established in Cuba—505 currently—is increasingly rapidly. Out of the 112 mixed firms, 28 are in the tourism sector, which Cuban authorities present as the "salvation" of the economy and foreign specialists view as the most promising market in the entire Caribbean.

Self-Employed in 20 Percent of Authorized Jobs

FL1802030194 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Feb 94

[Text] Alfredo Diaz Urbay, director of the Labor Research Institute, said that, up until 31 January, a total of 141,637 people were self-employed. Self-employment is based on Decree Law No. 141, which permits the practice of 136 different types of jobs. According to Diaz, more that 70 percent of the people authorized for self-employment fill less than 20 percent of the activities permitted, of which the most common are wagon worker [cochero], carpenter, hair dresser, pushcart worker [carretonero], and manicurist.

As you know, Decree Law No. 141 states that the regulations are dictated by two state committees: the State Committee for Labor and Social Security, and the State Committee of Finances. The first grants permission for self-employment and the second deals with collection, since authorized persons must purchase a license. This money is income for the state budget.

The State Committee of Finances has announced that the implementation of an overall tax system is being considered, which, if approved, would include people who are self-employed.

Cayo Largo Air Surveillance Unit Members Interviewed

FL1802030794 Havana Cuba Vision Network in Spanish 0100 GMT 18 Feb 94

[Passages within quotation marks recorded]

[Text] When Cayo Largo is mentioned, it usually brings to mind tourism development—which is logical. However, there is a military unit here keeping watch over the airspace of the southern part of Western Cuba. The Air Surveillance Troops [Tropas Radiotecnicas] unit has highly trained youths of both sexes. They are charged with the important mission of overseeing diverse air targets and, of course, watching that Cuban airspace is not violated. The Cayo Largo military unit is a frontline post because it provides timely information—essential in the decisionmaking process—to the high command of the Revolutionary Armed Forces [FAR].

For these reasons, the soldiers' welfare is vital.

[First unidentified speaker] "We are concerned with their mental welfare, nutrition, and good supervision. When we speak of good supervision we are not talking leniency or indulgence."

The female presence is an incentive for the young men and allows them to share leisure time, [words indistinct] in addition to love for a military career.

[Second unidentified speaker] "Women bring beauty here. [Words indistinct] all is not trees and sand.

[Reporter Marta Moreno] "What are your views on the role of women in the FAR?

[Third unidentified speaker] "It is a very important asset nowadays. It demonstrates a lot. [words indistinct] We have a very important role here."

Upon their term of enlistment [words indistinct] while others remain in Cayo Largo [words indistinct] the beauty of the surroundings, being so close to a tourist spot, and having such [words indistinct].

For these soldiers, life is not easy. They spend long periods away from home—35 or more days with only seven days of leave or fifteen is [words indistinct]. To this you have to add the active hosts of mosquitoes at night, the constant rigors of defense readiness, and the stress of remaining alert at all times.

Roundup of Economic Activity

FL1702201594

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish on 16 and 17 February.

Radio Reloj at 2209 GMT on 16 February reports that the Ministry of the Sugar Industry is planning to organize in Matanzas, this month, 24 state farms for the self-sufficiency of agroindustrial workers. "The self-sufficiency granges implement the principles of linking workers to the land, building housing, and financial self-management, "and 50 percent of the profits of a given accounting period is distributed among the members."

Radio Reloj at 2229 GMT on 16 February reports that "(Lynn, Dorothee), president of the Guadeloupe-Cuba Friendship association, has delivered an important donation of food, school supplies, and cleaning products to the headquarters of the Santiago de Cuba branch of the Cuban Institute of Friendship With Peoples." (Dorothee) "is also a member of the Politburo of the Communist Party of Guadeloupe." Also, an Italian delegation from the cultural association called World Liberation presented two packages of antibiotics, anesthetics, and cortisone to two hospitals in Santiago de Cuba.

Cuba Vision Network at 2320 GMT on 16 February reports that Chile's minister of public health "has announced that Chile is going to begin a field test in March with meningitis vaccines from Cuba and Norway." The test will study the vaccinated persons' response to the different vaccines. "The test will be

supervised by the Pan American Health Organization, a Cuban physician, and international experts."

In the same newscast, Cuba Vision reports that "the important Canadian hotel chain Delta Hotels has begun operating, with Cubanacan, several hotels in Santiago de Cuba: the Sierra-Mar, the Los Galeones Diving Center, and the Salton, all located west of the city—a total of over 260 rooms." Delta also has a tradition of helping nearby communities; therefore, the hospital in the town of Chivirico received a big gift consisting of uniforms and tires, which the businessmen say is just a start. Tourists seem to like the hotels: "The Sierra-Mar is at present 100 percent full. To begin this way is a good omen for the future, because this alone says much about the importance of the agreement."

Radio Rebelde at 0000 GMT on 17 February reports that an oceanographic atlas of the waters off the Sabana-Camaguey archipelago has been published. Engineer Angel Luis Chirino, interviewed at the Third Oceanographic Sciences Congress under way in Havana, notes that the atlas constitutes a solid basis for conducting research that will be done within the framework of a UN Development Program project. He explains that the Sabana-Camaguey archipelago area off the northern coast of Camaguey is being studied because it is one of the areas most greatly changed by man in recent years, and "is beginning to be exploited, from a petroleum point of view. That is, platforms are being built offshore. This is the first time this has been done in Cuba."

In the same newscast, it is reported that remodeling of the Hotel Habana-Riviera in Havana is among the projects of the (Caguama-Caribe) Hotels business group.

Tele Rebelde and Cuba Vision Networks at 0100 GMT on 17 February report that a new variety of tobacco called Habana-200, as well as others also resistant to blue mold and other tobacco diseases and pests, has been tried out on certain small farmer and state sector lands in Pinar del Rio Province with encouraging results. Yields are expected to be 500 or 600 quintals of tobacco per caballeria, with many high quality leaves.

Radio Rebelde at 0000 on 17 February reports that the Raul Cervantes tire recycling plant recycled 13,000 tires in 1993, which will be used in the agricultural sector in the current harvest. The plant was limited in production because of a shortage of resources.

Radio Rebelde at 1800 GMT on 17 February reports that in 1993 Cuba received $50 million worth of donations from friends in 72 countries. These figures were given by Sergio Corrieri, president of the Cuban Institute of Friendship with Peoples, in an article printed in the 17 February issue of GRANMA.

Dominican Republic

* Budget Passed for 1994 Tops 23.17 Billion Pesos

94CA0061A Santo Domingo EL SIGLO in Spanish 23 Dec 93 pp 1, 5

[Article by Jose Miguel Carrion]

[Text] At a meeting presided over by President Joaquin Balaguer, the National Development Council (CND) yesterday passed the draft Budget of Revenue and Spending for 1994, totaling 23,177,451,340 Dominican pesos.

Some 18,212,581,705 pesos of that total will reportedly come from the general fund, while another 1,834,225,785 pesos will be provided by special funds and 3,130,643,850 from outside resources.

Some 12,156.9 million pesos, 52 percent of the general total, will be used for regular expenses, while 11,020.5 million, or 48 percent, will go for capital charges.

Acting Budget Director Jose Eligio Jaquez explained that the 12,156.9 million pesos earmarked for regular spending include the Central Government's operating expenditures, amounting to 7,966.3 million, and interest on the foreign debt, totaling 1,623.8 million.

The official said the budget was drafted in accordance with President Balaguer's instructions that it be realistic.

"In addition," he said, "we must pay special attention to our routine contributions to public and private institutions, amounting to 2,043.7 million pesos."

The institutions receiving the bulk of the allocations are the Dominican Electricity Corporation (CDE), with 360 million, the municipalities, with 406.7 million, civilian and military pensions, totaling 274.8 million, and the liquified petroleum gas subsidy, amounting to 360.5 million.

Of the 11,020.5 million pesos earmarked for capital charges, 2,799.4 million will reportedly go for agricultural construction and plantations, 1,511.6 million for the purchase of machinery and equipment, and 2,007.1 million for amortization of the domestic and foreign debt. Capital contributions to public institutions and enterprises will amount to 4,444.7 million pesos.

The CDE will receive 1,418.9 million of the latter total, while funding for the National Institute of Drinking Water and Sewage (INAPA) will total 489 million. The Santo Domingo Waterworks and Sewage Corporation (CAAN) will receive 530.1 million, and the National Institute of Water Resources will have 1,418.7 million.

Another 3,739 million will be used to pay the public debt, while education will receive 2,642.2 million, health

will get 2,214.7 million, energy 1,794.8 million, irrigation 1,588.9 million, and agriculture and fishing 1,439.9 million.

Items contained in the draft budget are: the National Congress, 98.6 million; the Office of President, 2,909.6 million (including 290 million from outside resources); Interior and the Police, 1,425.8 million; the Armed Forces, 1,558.6 million; Foreign Relations, 1 million; Finance, 6,467.1 million (1,030.1 million from outside resources); Education, 2,526.5 million (135.7 million from outside resources); and Public Health, 3,026.7 million (172.6 million from outside resources).

In addition, the Office of Secretary of Sports will receive 234.9 million; Labor, 33.5 million; Agriculture, 2,855.7 million; Public Works, 1,213 million (530.5 million from outside resources); Industry and Commerce, 107.1 million (1.2 million in outside resources); Tourism, 92.1 million; the Attorney General's Office, 102 million; the Judicial Branch, 122.5 million; the Central Election Board, 255.9 million; and the Auditing Office, 8.7 million.

1994 Budget (in Millions of Dominican Pesos)

Institutions	Internal Resources	Outside Resources	General Total
National Congress	98.6		98.6
Office of President	2,619.6	290	2,909.6
Interior and Police	1,425.8		1,425.8
Armed Forces	1,558.6		1,558.6
Foreign Relations	139.1		139.1
Finance	5,437	1,030.1	6,467.1
Education	2,390.8	135.7	2,526.5
Public Health	2,854.1	172.6	3,026.7
Sports	234.9		234.9
Labor	33.5		33.5
Agriculture	1,885.2	970.5	2,855.7
Public Works	682.5	530.5	1,213
Industry and Commerce	105.9	1.2	107.1
Tourism	92.1		92.1
Attorney General's Office	102		102
Judicial Branch	122.5		122.5
Central Election Board	255.9		255.9
Auditing Office	8.7		8.7
Totals	20,046.8	3,130.6	23,177.4

* Summary of Economic Information

94CA0061B Santo Domingo EL SIGLO in Spanish 1 Dec 94 p 1-D

[Article by Jose Mercedes Feliz]

[Text] During the first nine months of 1993, government revenue increased 14.2 percent over the same period of 1992, based on the methodology used by the International Monetary Fund (IMF).

According to figures from the Central Bank, fiscal receipts during the period from January to September of 1993 totaled 14,493.9 million Dominican pesos. In contrast, during the same time frame last year, those same receipts totaled 12,687 million.

The 1993 Budget passed by the National Congress for 1993 totals 22,717.5 million pesos.

At the same time, general spending increased during the first nine months of this year by 39.3 percent, rising from 9,737.8 million during the same period of 1992 to 13,573.6 million in 1993.

In 1991, revenue totaled some 13,409.9 million, while general spending totaled 10,340.7 million.

At the same time, collections totaled 17,571.8 million in 1992 and general spending 14,059.2 million.

It was observed that from January to September of 1993, regular savings totaled 7,943.1 million, an increase of only .7 percent over the same period of 1992, when the figure was 7,888.3 million.

Regular revenue from January to September of this year totaled 14,256.9 million pesos, an increase of 13.8 percent over the same period of last year, when the total was 12,527.4 million.

Tax revenue rose by 16.6 percent from January to September of this year, rising from 11,358.7 million during the same period of 1992 to 13,241.6 million in 1993.

During the first nine months of this year, income taxes totaled 2,493.3 million pesos, an increase of 14 percent over 1992, when they totaled 2,187.9 million.

Likewise, property taxes from January to September of 1993 totaled 85.5 million, representing an increase of 26.1 percent over last year, when the total was 67.8 million.

Taxes on goods and services amounted to 5,639.2 million during the recent period, an increase of 25.2 percent over the same period of last year, when the total was 4,505.6 million.

Taxes on foreign trade registered an increase of 8.9 percent, going from 4,550.5 million pesos during the period from January to September of 1992 to 4,954.2 million in 1993.

Revenue from sources other than taxes dropped 13.1 percent during the period from January to September of 1993, going from 1,168.7 million during the period of January to September of 1992 to 1,015.3 million in the more recent period, the only category recording a drop.

Capital income rose by 48.5 percent during the first nine months of this year, going from 159.6 million from January to September of 1992 to 237 million in 1993.

As for the total balance (before deductions) during the period from January to September of 1993, the total was 920.3 million, a drop of 68.8 percent compared with the same period in 1992, when the figure was 2,949.2 million.

Regular savings totaled 7,905.3 million in 1991, 10,545.2 million in 1992, and 7,943.1 million during the first nine months of this year.

* Government Public Works Spending Up 65 Percent

94CA0061C Santo Domingo EL SIGLO in Spanish 26 Nov 93 p 1-D

[Article by Claudio Cabrera: "Construction"]

[Text] Construction continued to absorb a large part of the tax revenue collected by the government between January and October of this year, with a 65.3-percent increase in spending over the same period of last year.

According to the information available, the government spent some 4,482 billion pesos during the first 10 months of this year, far exceeding the 1992 total, when the figure was 2,711 billion.

Data supplied by the Dasa consulting firm indicate that, relatively speaking, construction spending increased faster than sums collected by the government.

While the increase in tax revenue rose 17.3 percent between January and October of this year compared with last, funding for this sector was far greater. The major spending effort aimed at construction results from the determination of government officials to expand the infrastructure in different areas of social services, a goal recently adopted as a priority by government authorities along with the construction of housing for lower-income groups and the middle class.

While the government did manage to collect 13.435 million pesos during the period of 1992 undergoing scrutiny, the absolute, percentage proportion was smaller this year, comparatively speaking.

From January to October of this year, duties and taxes totaled 15,758 million pesos, according to the information available, demonstrating that less is spent than is taken in. Despradel and Associates data also reveal a general, marked trend in the public sector to increase capital spending beyond regular spending. While regular spending rose by 33.8 percent during the period analyzed, capital charges increased even more on a percentage basis, amounting to 42.6 percent.

Despite the fact that the Central Government has maintained a policy aimed at increasing public spending by earmarking funds for construction, the country has not endured the scourge of the inflationary process that it has felt in previous years.

The figures show that inflation did rise in our country, but generally remained under control. For example, the increase during the peak month of September was only 1.2 percent.

* Jan-Oct Income Tax Receipts Top 3,777 Billion Pesos

94CA0061D Santo Domingo EL SIGLO in Spanish 22 Nov 93 p 1-D

[Article by Jose Mercedes Feliz: "Income Tax Collected Totals 3,777 Billion Pesos"]

[Text] During the first 10 months of this year, the Income Tax Directorate collected revenue amounting to 3,777.9 billion pesos, an increase of 16.4 percent over the same period in 1992.

According to a report on collection trends during the period from January to October of 1992, the institution took in 3,243.5 billion pesos.

So far this year, the Income Tax Directorate has done well in terms of revenue from the different taxes collected.

Institution officials had anticipated revenue totaling some 4,187.9 billion pesos for all of 1993, meaning that only 410 million remain to be obtained from the November and December collections.

From January to October of 1993, the institution collected income tax revenue from individuals, plus surcharges and fines, totaling 54.9 million pesos, a drop of 38.1 percent compared with the same period of 1992, when the figure was 88.8 million.

This was the only tax that recorded a drop during the first 10 months of the year.

At the same time, from January to October of 1993, the institution took in 1,413.9 billion pesos from corporations, an increase of only .6 percent compared with the same period in 1992, when the amount collected was 1,404.5 billion.

Additional payments also brought in 18.1 million pesos in revenue from January to October of this year, an increase of 112.9 percent compared with the same period in 1993, when the total was only 8.5 million.

During the first 10 months of 1993, the amount of taxes withheld—including income tax—totaled 2,534.4 billion pesos.

* Falconbridge Tax Payments Drop 74.3 Percent

94CA0061E Santo Domingo EL SIGLO in Spanish 19 Nov 93 p 1-D

[Article by Jose Mercedes Feliz: "Production Is Limited by World Prices"]

[Text] During the first 10 months of 1993, the steady decline in nickel prices on the international market caused government revenue from Falconbridge Dominicana to register a 74.3-percent drop compared with the same period in 1992.

According to mining company officials, from January to October of this year, Falconbridge brought in foreign revenue amounting to $8,990,720, compared with a total of $34,797,705 for the same period of 1992.

They reported that firm executives plan to produce 70 million pounds of nickel contained in ferronickel next year.

During the first 10 months of 1993, they said, nickel exports amounted to 43,579,4124 [as published] pounds, which production was sold at an average per-pound price of $2.02.

In contrast, 49,591,422 pounds were exported during the same period of last year at an average price of $3.20 per pound.

From March to October of this year, Falconbridge Dominicana produced 40,916,441 pounds. It will be recalled that due to the drop in price and demand on the international market, executives decided to suspend operations on 26 December 1992, then resumed them on 8 March.

During the first 10 months of 1992, Falconbridge produced 47,933,842 pounds. The estimated monthly average was 5.6 million pounds.

From March to December of this year, the company planned to produce 55 million pounds at a much lower cost than that achieved during the final quarter of last year.

In 1992, production totaled 60.7 million pounds and 60.5 million pounds were sold abroad at an average per-pound price of $3.14. A total of 70 million pounds was obtained during the entire period and the government took in $46,641,773 for the year.

Experts estimated that it is impossible to produce at a cost of under $2.00 per pound, meaning that it will be necessary to change policies if world prices drop below that price this coming year.

Falconbridge maintains its policy of reducing costs in order to continue operating, increase profits, and meet the region's development programs, the experts said. It will be recalled that in 1991, Falconbridge produced 64.1 million pounds of nickel and exported 61 million pounds.

For the first time, the mining company reduced its operations by 50 percent on 7 October 1991, a situation that continued until late February 1992 due to the drop in prices and demand. By that time, prices ranged between $3.23 and $3.29.

Meanwhile, production remained halted throughout almost all of August as the result of an effort to reduce the supply on hand.

Company experts attribute the drop in prices and demand on the international market to the current overproduction since the former Soviet bloc countries have become exporters.

Haiti

Clash Reported Between Army Patrol, Armed Men on 2 Feb

FL1702174394 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Feb 94

[Text] On the night of 2 February, an incident occurred between a military detachment and about 20 armed men, presumed partisans of President Jean-Bertrand Aristide, in southern Haiti near Les Cayes city, a Haitian military source told AFP on 16 February.

According to this source, there was gunfire during the incident. The armed men, who are being sought, left weapons including three M- 1 rifles and ammunition in the area. The incident took place near the village of Chantal near Les Cayes, some 200 km southwest of Port-au-Prince.

Three Haitians from the diaspora, who had clandestinely reentered the country, were training young people of the region in the rural section of Le Pretre when they were discovered by a reconnaissance patrol acting on a tip, which then turned into a combat patrol, according to the same source. No Army personnel were wounded. There is no information about casualties among the opposing group.

The plan to train for armed struggle is part of Operation Iron Cuts Iron aimed at liberating the country, which was announced by President Aristide from Washington in a New Year's message to Haitians, this source explained. In order to thwart this plan and maintain order, search operations were recently launched by the Army in the Port-au-Prince metropolitan area where six weapons, including two with telescopic lenses, were seized and arrests made, this military source pointed out. He added that the situation in Les Cayes, where similar incidents have taken place since Aristide went into exile in 1991, was totally under the control of the local military command.

Furthermore, the same source said that the fire that destroyed oil products clandestinely stored in a low-income neighborhood of Port-au-Prince on the night of 12 February might be the act of a criminal hand to raise fuel prices and exacerbate the crisis.

PANPRA 'Leanings' Precipitate Leader Resignations

FL1702215894 Port-au-Prince Radio Metropole in French 1700 GMT 17 Feb 94

[Text] Agronomist Roosevelt (Saindic) officially announced his resignation from PANPRA [National Progressive Revolutionary Party of Haiti] leadership after having discontinued participation in their activities as of May 1993. The resignation letter of Roosevelt (Saindic) mentions deep opposition to his management style from several members of the party, especially concerning work methods, strategy, and the party's current political leanings.

The resignation of (Saindic) from PANPRA's leadership, follows that of several other members of this political party including Georges Weirleigh, Arnold Antonin, and Claude Elisma.

'Political Truce' Observed During Carnival Festivities

FL1702180194 Port-au-Prince Radio Metropole in French 1145 GMT 17 Feb 94

[Text] Despite the political and economic double crisis, an impressive crowd participated in the 1994 Carnival. For three days, from 13 to 15 February, Haitians attempted to forget their worries by delivering themselves, body and soul, to the delirious atmosphere of Carnival.

During the three days, the capital throbbed to the rhythm of meringues composed for the occasion. There were no colors or traditional floats in the 1994 version of Haitian Carnival. However, Champs-de-Mars and other main streets of Port-au-Prince welcomed thousands of people who celebrated this huge popular festival to their heart's content. No official theme was designated for 1994 but there was music, which served as a bridge among the various social classes hugging each other in the streets, forgetting the embargo and the political crisis.

Although the major topics of the news were not totally absent from the songs, a political truce was observed during the three carnival days. No major incidents were reported but tens of persons were stabbed and there were arrests by the Port-au-Prince police, who were out in force on the Carnival streets.

Employers, Unions Collaborate on Crisis Resolution

FL1702222794 Port-au-Prince Radio Metropole in French 1700 GMT 17 Feb 94

[Text] In an initiative to restore democracy, and within the framework of their respective efforts to end the country's political crisis, the employers' associations and the Haitian labor union sector met on 1 and 3 February. Following discussions, the parties concluded as follows:

First, the nation's vital forces—workers and employers—are exhausted and are seeking immediate restoration of a political atmosphere favoring the resumption of economic activities. The employers' associations and the labor union sector point out that no employers, labor union organizations, or firms can efficiently function without a state of law in which law prevails over force.

They stress that the democratic regime advocated by the Haitian people under the aegis of the 1987 Constitution is the fundamental principle for running the state. They believe that constitutional, national institutions must resume their regular functioning while safeguarding democratic principles as their contribution toward a solution to the crisis. They further indicate that it is urgent to compel all political decisionmakers and concerned authorities to seek, find, and put into action all constitutional elements, with a view toward a negotiated, definitive solution to resolving the crisis and lifting the embargo.

They add that the employers' associations and the Haitian labor union sector will begin negotiations to define some new rules for the socioeconomic game, to stimulate business dynamism and promotion of workers in a system oriented toward reboosting production of the national economy with the building of adequate industrial and commercial infrastructures.

Camacho Solis Announces Begining of Peace Talks

PA1702174994 Madrid EFE in Spanish 1726 GMT 17 Feb 94

[Text] San Cristobal de las Casas, Chiapas State, Mexico, 17 Feb (EFE)—Manuel Camacho Solis, commissioner for peace and reconciliation in Chiapas, announced today that the dialogue between the rebel Zapatist National Liberation Army (EZLN) and the government will begin next Monday at 1100 (1700 GMT).

Camacho Solis declined to reveal the site of the meeting, but it is believed to be in a Chiapas city, not in the jungle. Camacho Solis said he will spend Sunday gathering all the Zapatist representatives.

Comments on Start Date

PA1702204194 Mexico City Canal 13 Television Azteca Network in Spanish 1910 GMT 17 Feb 94

[Report by Samuel Prieto and Francisco Rubio from San Cristobal de las Casas, Chiapas State]

[Text] Finally, the long-awaited announcement was made. The peace talks in Chiapas State will begin Monday at 1100. The place is still unknown, obviously for security reasons.

Smiling and in good spirits, Manuel Camacho Solis, commissioner for peace and reconciliation in Chiapas and San Cristobal Bishop Samuel Ruiz said that we are quickly advancing toward peace. Camacho Solis said that during the peace talks in Chiapas the proposals presented by the EZLN [Zapatist National Liberation Army] and the Indian groups will be honored because the dialogue has political foundations. [sentence as heard]

[Begin Camacho Solis recording] We have agreed on the date for the peace talks. Next Sunday, the movement of delegates will begin. Bishop Samuel Ruiz and I will be traveling Sunday morning to the various areas where there is an EZLN presence, and will be accompanying the delegates to the city in Chiapas State where talks for peace and reconciliation will begin the following day at 1100.

We all want to begin real negotiations. The peace talks can be one of two things: one, simply an opportunity to report problems or present political programs; the other, an opportunity to express views regarding the situation in Chiapas and the country, and also to advance in negotiations that could eventually lead to the end of hostilities, and hence to peace and reconciliation. We must all choose between those two options: Do we want this simply to be a forum to report problems, or do we want to make this an opportunity to build peace and reconciliation in Chiapas and in the country. I am totally committed to the second option.

I have come here and will go to the forum to listen and to learn. We have all learned a lot. We will also go to the talks with the clear purpose of facilitating the end of hostilities. In other words, the issue here is that we could not attain peace if someone tried to force the EZLN into accepting a solution that is not dignified. That is not the way to build peace. The only possibility is respecting the proposals, listen to them, discuss them, propose other things. The position I will present will be the one I perceive as best for the interests of the Mexican State, not of part of the administration. It must reflect the various interests and opinions, as well as the concerns, reports, and proposals that the EZLN will present toward a possible political agreement that can be built as time permits.

There are two options: either we simply meet to mention our problems, or we meet to sign a peace agreement. I have perceived that the EZLN, which at the beginning was probably not ready for a change under the political conditions that prevailed after 10 January, today has shown us through decisions like the ones it adopted yesterday that it is interested in coming to the negotiating table not only to present its political positions, but also to open the possibility of a real dialogue that can lead to dignified peace. [end recording]

Parties React

PA1702190794 Mexico City Radio ACIR Network in Spanish 0030 GMT 17 Feb 94

[Report by unidentified studio announcer and Reporter Juan Carlos Atoyo; from the "Vector 21" newscast]

[Text] [Announcer] The Zapatist National Liberation Army [EZLN] sent to all party presidential candidates and to members of the political parties an invitation to participate in the meeting—the initiation of the peace dialogue. The EZLN argues that their participation is a matter of interest to them, as one of these candidates will be president of the Republic. The EZLN indicated they want the presidential candidates to make a commitment to respect the agreements that might be reached with the current Mexican Government. Some presidential candidates have already replied that they will attend the meeting while others will do so through delegates.

Now, back to the communique sent last night by members of the Indian revolutionary clandestine committee, the EZLN General Command, to the presidential candidates of National Action Party [PAN]; Institutional Revolutionary Party [PRI]; Party of the Democratic Revolution [PRD]; Cardenist Front for National Reconstruction Party [PFCRN]; Labor Party [PL]; Authentic Party of the Mexican Revolution [PARM]; Mexican Green Ecologist Party; and the Popular Socialist Party [PPS]. The UNO [National Opposition Union] was not mentioned because it is not registered.

We now go to Congress where Reporter Juan Carlos Atoyo went to obtain the so-called opposition party's response to the EZLN invitation.

[Atoyo] The presidential candidates from the PRI, PARM, Mexican Green Ecologist Party, PL, and PFCRN, have already accepted the EZLN invitation to attend or to send delegates to the encounter with Manuel Camacho Solis, special commissioner for peace and reconciliation, in Chiapas. Meanwhile, the PPS rejected

the invitation and the PAN will issue its response through its national executive committee which is analyzing the EZLN invitation.

[Announcer] At first, Diego Fernandez de Cevallos [PAN candidate] had stated that he considered this invitation to be inconvenient.

[Atoyo] That is right. From the beginning, Diego Fernandez de Cevallos said the invitation was inconvenient, nevertheless, he left this decision to be made by his party's national executive committee. This has also been confirmed.

I will go one by one on what each political party said: PRD candidate Cuahutemoc Cardenas Solorzano said he accepted this invitation as this guarantees continuity in the commitments to be made during the pacification dialogue in Chiapas. When disclosing his candidate's reply, PRD leader Porfirio Munoz Ledo said the following:

[Begin Munoz Ledo recording] This is an invitation addressed to the party candidates. I have consulted with our candidate, Engineer Cardenas, who is in favor, as I am, of accepting the invitation. Of course, I have called for a meeting of the party executive committee to define the terms of our participation and to appoint our representative. [end recording]

[Atoyo] Meanwhile, PARM candidate Alvaro Perez Trevino said he officially accepted the invitation. Nevertheless, he sent a message to the EZLN to issue a personal and direct invitation for him to directly accept. In the interim, the PAN said that in a few hours it will disclose its position. Here is what PAN deputy candidate Gabriel Jimenez Remus said:

[Begin Jimenez recording] From a positive point of view, this invitation is of interest. Theoretically speaking, no one knows who will be the winner on 21 August. It is obvious that the EZLN needs to talk to or engage in a dialogue with the presidential candidates. I have no doubt the actions that the federal government takes and the participation of the diverse commissions will lead to the adoption of emergency actions to benefit Chiapas. There is no doubt, however, that these actions will have a bearing on the coming administration. [end recording]

[Atoyo] Meanwhile, PL candidate Cecilia Soto said that the EZLN invitation was another sign of this armed group's goodwill. Soto said she accepted the invitation but it would be her party's leadership that would decide if she would attend personally or if a delegation would be sent.

In the interim, PPS candidate Marcela Lombardo declined this invitation outright. Lombardo said that above all she did not accept the invitation because she did not agree with the attitude assumed by the EZLN to take up arms to solve diverse problems. Meanwhile, the UNO members indicated they had no comment to make given that their candidate has not been invited to the dialogue.

[Atoyo] In another turn of events, today during a meeting of the Chamber of Deputies' permanent commission, the Chiapas issue undoubtedly had to be brought up. The debate concentrated on permanent attacks between the PRI and the PRD. The first to take the podium was PRI Deputy Laura Lizia Gaza Galindo who launched severely criticized the PRD. Gaza Galindo said that the PRD has called on the EZLN to form an alliance to struggle; it speaks about laws and then turns around and supports the use of weapons to achieve goals, she noted. After indicating that the call to violence is a way of violating the peace and democracy agreement signed by all the presidential candidates, Laura Lizia Gaza Galindo challenged the PRD members as follows:

[Begin Gaza Galindo recording] They [PRD] want to break the political agreement signed by all the political forces. This implicitly means: Either they accept we have won on 21 August or there will be violence. They will get involved [word indistinct] through the armed struggle. All of these comments have been made by their top party leaders, who appear to take as their own a declaration of war; the EZLN's declaration was one of war. To Mexico's good fortune, this declaration seems to have been left behind. Is the PRD taking over this declaration of war as its own? What is this all about? Does this mean that the PRD will become the EZLN's political arm? Or does this mean that the EZLN becomes the armed body of the PRD? [end recording]

Afterward, PRD Deputy Jose de Jesus Martinez Campos launched his reply. Martinez Campos said that his party's call for the EZLN members to join the party seeks to incorporate them into the struggle through democratic means, by granting them representation. The PRD deputy said they had the right to their differences but to talk of the situation that could arise on 21 August if the votes are not respected has serious implications, as this is closely tied to the Chiapas case.

[Begin Martinez Campos recording] If we do not guarantee that the election will be honest, that votes will be respected and well counted, that these issues can be discussed, the outcome of these 1994 elections will not be legitimate. Then, there will not be an EZLN but many civilian outbreaks and maybe unwanted violent outbreaks if this right is not guaranteed to be secure. [end recording]

[Atoyo] This is what happened today at the Chamber of Deputies during the session of the Congress of the Union permanent commission's session and the political parties' reaction to the EZLN invitation to participate in the first dialogue of the special commission for peace and reconciliation in Chiapas with Manuel Camacho Solis.

Roundup of Electoral Developments

PA1802021194

[Editorial Report] The following is a compilation of reports on developments related to the Mexican elections scheduled for 21 August 1994.

Luis Donaldo Colosio, presidential candidate for the Institutional Revolutionary Party, PRI, led a meeting in Mexico City to discuss his campaign funding. PRI President Fernando Ortis Arana swore in the members of the party's

national and state funding commissions. Colosio told the commission members that "the people are right to reject waste, mismanagement, and the splurging of money, as they offend the people, given the current social situation." The party plans to spend less than the government- imposed ceiling of 134 million new pesos and will not use public funds or property. (Mexico City XEW Television Network in Spanish 0435 GMT 9 Feb 94)

Colosio has proposed a five-point program to rescue Indians throughout the country from the neglect and discrimination they have always suffered. The program, among other things, reforms the judicial system, protects Indian property, and provides education and training for Indians. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 16 Feb 94)

The Party of the Democratic Revolution, PRD, has announced a series of demonstrations at the Zocalo in Mexico City to promote an extraordinary session of the Chamber of Deputies to discuss electoral reforms. Although no dates were given, the first event will be a 100-hour march, followed by a 500 [number as heard] km run around the legislature buildings. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 9 Feb 94)

Cuauhtemoc Cardenas, the presidential candidate for the PRD, went to Constitution Square to participate in the so-called "100 Hours for Democracy" march, which his party organized to demand electoral code reforms. He told reporters that political will alone is not enough to ensure a better election process. He said that talks between the Government Secretariat and political parties on electoral changes continue. (Mexico City XEW Television Network in Spanish 0435 GMT 12 Feb 94)

The so-called 100 Hours for Democracy march ended on 13 February. Cuauhtemoc Cardenas, PRD presidential candidate, walked the final laps with party members. He said the solution to the Chiapas conflict lies in "the land distribution system. To ensure a long lasting solution, the country's peasants must be sure they have the right to claim and posses land of their own." He added that certain principles must be included in the Constitution "to recognize the individual political, social, and economic rights of the peasant communities and their inhabitants. He gave the government 10 days to respond to the party's call for extraordinary congressional sessions to discuss this issue and electoral code reforms. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 14 Feb 94)

Diego Fernandez de Cevallos, the presidential candidate for the National Action Party, PAN, met with a group of demonstrators on their way to the Los Pinos Presidential Residence to demand the removal of several municipal officials. He took the opportunity to criticize media coverage of his campaign and asked for the Mexican voters to vote decidedly. (Mexico City XEW Television Network in Spanish 0435 GMT 9 Feb 94)

PAN Presidential Candidate Fernandez de Cevallos began a two-day tour to Jalisco State on 11 February. He visited the San Juan de Dios marketplace in Guadalajara, where he met with rival vendors and spoke to them about pluralism in a democracy. Fernandez de Cevallos plans to meet with cattle breeders, farmers, and students. (Mexico City XEW Television Network in Spanish 0435 GMT 12 Feb 94)

Diego Fernandez de Cevallos said on 13 February that all those party members who opposed his presidential nomination now support him. "I know, and I always knew, how much it hurt certain party members when I won the nomination," he pointed out. "I also know that those same party members now support Diego Fernandez de Cevallos in spite of Diego Fernandez de Cevallos, because it is the PAN's democratic process at work." In a 30-minute speech in a low income neighborhood in Mexico City, he rejected the use of punishment votes and criticized those who vote out of fear. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 14 Feb 94)

Diego Fernandez de Cevallos met on Tuesday 15 February with Iberoamerican University students in Mexico City in a packed auditorium. Fernandez announced the demise of the current Mexican political system and denounced the corruption, lies, and vested interests that have led to the social and political neglect of millions of Mexicans. "The stability of the Mexican State," he said, "has not been based on a fair and democratic social order because corruption and lies have prevailed..." (Mexico City Radio ACIR Network in Spanish 0030 GMT 16 Feb 94)

Cecilia Soto, the presidential candidate for the Labor Party, PL, toured Aguascalientes on 8 February. She pointed out that there are several agreements that must still be reached among the political parties to ensure a clean and honest election. She stressed that the election process is the time to fight abstention. (Mexico City XEW Television Network in Spanish 0435 GMT 9 Feb 94)

PL Candidate Soto told workers in Guanajuato that the party's platform is different and offers a new option for the working class. Before ending her tour she witnessed the signing of an alliance agreement between independent farmers and workers and the PL. (Mexico City XEW Television Network in Spanish 0435 GMT 12 Feb 94)

Cecilia Soto says that clean elections in August can only be guaranteed through the reformation of the Electoral Law. She agreed with PRD candidate Cardenas that if the government's electoral policies are not reformed the people will seek solutions through the use of force. Soto also denounced the alleged proselytizing of Santiago Onate, Mexico's consul in the United states, who met with Mexican residents in Los Angeles to explain the positions held by the ruling party and candidate Colosio on several national matters, including Chiapas. (Mexico City Radio ACIR Network in Spanish 0030 15 Feb 94)

Jorge Gonzalez Torres, the presidential candidate for the Mexican Green Ecologist Party, PVEM, kicked off his campaign for the State of Guanajuato at a rally held at an Indian reservation. "We must reconsider the way we deal with the native population all over the country," he said, "and recognize them as our true origin, care for

them, protect them, and offer them the same opportunities other groups have." (Mexico City XEW Television Network in Spanish 0435 GMT 9 Feb 94)

PVEM Presidential Candidate Torres stressed the need for extraordinary congressional sessions to discuss electoral reforms, including article 82, with which his party does not agree. He said that those candidates who spend more than the imposed spending ceiling should be punished strictly, and not with what seem more like traffic fines. (Mexico City XEW Television Network in Spanish 0435 GMT 12 Feb 94)

Marcela Lombardo, the presidential candidate for the Popular Socialist Party, PPS, toured Baja California, where she met with authorities of the Binational Human Rights Center, located at El Bordo, a well-known illegal crossing point into the United States. She talked to several people planning to cross and asked them to reconsider their decision. (Mexico City XEW Television Network in Spanish 0435 GMT 12 Feb 94)

PPS Presidential Candidate Marcela Lombardo continued her campaign on 13 February in Baja California. There she demanded that Catholic Bishop Samuel Ruiz stay out of the Chiapas negotiations. She said that it is evident that the leaders of the Chiapas rebels are not Indians and, therefore, do not respond to Indian interests. She also reaffirmed support for legalizing abortion to prevent the many deaths produced by clandestine abortion clinics. She said that the real enemy to beat in August are the reactionaries and the Yankees. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 14 Feb 94)

Presidential candidate for the Cardenist Front for National Reconstruction Party, Rafael Aguilar Talamantes, campaigned in Chihuahua. He held coordination meetings with party members and chatted with the press on 11 February. (Mexico City XEW Television Network in Spanish 0435 GMT 12 Feb 94)

Cardenist Front Candidate Talamantes said on 13 February that it would be naive to believe holding special congressional sessions and reforming the electoral code will do any good. He pointed at political balance in the congress and the little time left for such significant debates. He said the Cardenists are in favor of the changes, but now is not the time. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 14 Feb 94)

Alvaro Perez Trevino, the presidential candidate for the Authentic Party of the Mexican Revolution, PARM, took his campaign to Tlaxcala on 13 February. There he forecasted that his party will be the second strongest party in the country. He criticized the government's agricultural relief program saying it offers no long term solutions and benefits PRI farmers. A former PRI member, Trevino called NAFTA a way of bringing disloyal competition for Mexican products. He met with farmers and party members. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 14 Feb 94)

The Federal Electoral Institute has reminded all political parties to file a copy of their government platform. The Electoral Code establishes this as one of the requirements for registering presidential candidates. The institute called on candidates and parties in general to be respectful of the rights of third parties. (Mexico City Canal 13 Television Azteca Network in Spanish 10 Feb 94)

Government Allots 2 Percent of GDP to Debt Service

PA1802003594 Mexico City NOTIMEX in Spanish 0325 GMT 15 Feb 94

[Text] Mexico City, 14 Feb (NOTIMEX)—Finance Secretary Pedro Aspe Armella announced that during the current year Mexico will earmark 2 percent of its Gross Domestic Product (GDP) to servicing its external and internal debts, which up until five years ago absorbed up to 18 percent of the GDP.

The finance secretary indicated that while five years ago an amount equivalent to 18 percent of the GDP was funneled into servicing external and internal debts, only 2 percent will be used during 1994 for the same purposes.

The announcement was made during a visit to the cities of Durango in the northern State of Durango, Culiacan in the northwestern State of Sinaloa, and Hermosillo in the northwestern State of Sonora. Aspe Armella reiterated that the federal government plans to continue with its policy of strict fiscal discipline, public finance equilibrium, cutting inflation, and encouraging productivity in order to accomplish 3-percent economic growth during the current year.

Last year the government's objective was to achieve economic growth of not less than 2.9 percent, but according to estimates by some experts GDP growth was barely between 0.5 and 1.0 percent. At any rate, Aspe Armella indicated that the government is determined to augment productivity.

Public finance equilibrium, Aspe Armella stated, will provide the government with sufficient resources to support the agriculture sector through the Direct Agriculture Support Program in order to raise agriculture productivity and encourage business through tax breaks. [as received]

El Salvador

FMLN Urges UN To Continue Human Rights Scrutiny

PA1802042594 San Salvador DIARIO LATINO in Spanish 15 Feb 94 p 2

[Text] The Farabundo Marti National Liberation Front (FMLN) stated that the time is not yet right to take El Salvador's name off the list of countries under UN scrutiny with regard to human rights violations. According to FMLN Deputy Coordinator Marcos Jimenez, the report by independent UN Observer Pedro Nikken is an indication that an evident decline in respect for human life persists in the country. "The report stresses activities by death squads" and calls attention to the fact that details with respect to the investigations into the murder of several FMLN activists including former commanders Francisco Velis, Eleno Castro and Mario Lopez are still not known.

According to Jimenez, the government is seeking, at any cost, to have the country's name taken off the list of countries under UN scrutiny. However, Nikken's report has put the Alfredo Cristiani administration on the spot. He added that that is why they are attempting to downplay the content of Nikken's report by saying that he did not come to the country. They also point out that he based his report on affidavits by several local organizations without on- site verification, "which is a shameless lie since it was the government's officials themselves who prevented Nikken from entering the country."

On the other hand, FMLN spokesman Juan Ramon Medrano expressed confidence that the International Forum for Culture and Peace, which is scheduled to start tomorrow, will contribute to accelerating the peace process. He added that the event must help overcome delays that are taking place now with respect to issues such as land distribution, the reintegration program, the National Civilian Police (PNC), and the justice system. He also described the arrival of Brian Atwood, representative of U.S. Secretary of State Warren Christopher, as "a way of prompting the Salvadoran Government not to commit fraud during the March elections." Finally, Medrano referred to a trip to New York by an FMLN delegation that includes Joaquin Villalobos, Salvador Samayoa, and Rafael Moreno, who are expected to meet with UN Secretary General Butrus Butrus-Ghali.

FMLN on Governmental Criticism of UN Rights Report

PA1702171294 Panama City ACAN in Spanish 1842 GMT 15 Feb 94

[Text] San Salvador, 15 Feb (ACAN-EFE)—The Farabundo Marti National Liberation Front (FMLN) today said the government was "cynical" because it criticized the latest report on the human rights situation in El Salvador. The report was prepared by Pedro Nikken, an independent UN human rights expert.

Juan Ramon Medrano, the official spokesman of the former guerrilla movement, stated at a news conference: "It seems to us that the position of several officials, who said that Nikken did not come to the country to verify the information in his report, is a bit cynical."

In the document, which was presented at the UN Human Rights Commission meeting in Geneva, Nikken expressed his concern over the deterioration of human rights in El Salvador, adding that the pace of compliance with the peace agreement "unfortunately has weakened.

Presidency Minister Oscar Santamaria challenged the report and strongly criticized Nikken. According to the minister, Nikken prepared the report without visiting the country. Nikken, however, recently stated he was unable to visit the country because Salvadoran immigration authorities had not processed his entry permit.

The FMLN's Medrano pointed out that "the government was the one that blocked Nikken's visit," and he added that the report had been prepared with information provided by UN officials who are in El Salvador. Medrano said, "The fundamental aspect and also what causes more apprehension is that the report underscores the existence of armed groups with political objectives, as the government calls them, or 'death squads' if you talk in plain Salvadoran Spanish." He added that up until now, authorities have not solved the cases of 40 FMLN members who have been murdered since the peace agreements were signed in January 1992. "Furthermore, three FMLN directorate members were also murdered and those cases have not been solved either, even though there was initial evidence," the FMLN spokesman observed.

In his report, Nikken asserted that in 1993, the practice of torture has claimed more victims in the country and that "arbitrary arrests continue on a regular basis."

Meanwhile, Salvadoran Foreign Minister Miguel Angel Salavarria requested in Geneva last week, that UN human rights observers be withdrawn from El Salvador because of the "advances" made after the conclusion of the civil war. However, FMLN Adjunct Coordinator Marcos Jimenez stated, "The UN report is an obstacle for the government currently because it shows that the human rights issue must continue in the UN agenda in Geneva." The FMLN leaders said the human rights situation in the country was "serious."

FMLN spokesman Medrano also condemned the murders of two leaders of Arena [Nationalist Republican Alliance] (governing rightist party), which were perpetuated in separate locations by unidentified people last Saturday. He likewise censured the attack against an Arena deputy in San Salvador last week. He said: "We condemn these events with the same energy with which we censured the murder of our members. We demand a thorough investigation of these crimes to ensure that they will not be used to generate further confrontation and to show that the FMLN party had nothing to do with

them." He added that if any FMLN member had participated in those crimes "the entire weight of the law must fall of him because the FMLN Directorate and members are on the road to peace."

The FMLN will participate in the first International Peace Culture Forum to be inaugurated in San Salvador tomorrow. It will be represented by a commission headed by FMLN General Coordinator Shafik Handal.

The FMLN leaders criticized the government for refusing to comply with several points of the peace agreements, mainly those related to the implementation of programs for the social reentry of former FMLN and Army combatants, the deployment of the new Civilian National Police in the country, the transfer of lands, and the reforms to the judicial system.

Honduras' Discua Cited on Separating Police, Armed Forces

PA1702163294 Panama City ACAN in Spanish 2114 GMT 14 Feb 93

[Text] Santa Ana, El Salvador, 14 Feb (ACAN-EFE)—General Luis Alonso Discua, the Honduran defense minister, said today that separating the police from the Armed Forces and placing it under civilian command is the "right" idea. He warned, however, that this "should be done some time in the future."

The [Honduran] military leader, his Salvadoran colleague Gen. Humberto Corado, and Gen. Julio Fidencio Otzoy, the Guatemalan deputy defense minister, were present today for a special ceremony honoring 210 disabled veterans from the three Central American nations. During the event, the veterans received artificial limbs donated by a U.S. humanitarian organization.

When asked about the project that would separate the police force and the Armed Forces, Discua said that "the right thing would be to do this some time in the future," because "it is no easy task. The whole transformation process will require resources, which are scarce in our countries."

In commenting about the recent report on the state of human rights in Honduras, issued by Leo Valladares Lanza, the national human rights commissioner, the Honduran minister said that the document is "a preliminary report that should be examined objectively." The report, entitled "The Facts Speak for Themselves," lists 184 cases of missing persons during the 1980's.

Discua said that "there were some such cases in the past, which occurred under the specific circumstances of the time. There has always been a struggle between the officially constituted power and the subversive movements. The bad thing, however, would be to be partial about the situation, because the two fought against each other and there are victims on both sides."

Gen. Corado said the new atmosphere of peace in the Central American countries, which have overcome their armed conflicts, calls for reorganization within the Armed Forces's. The civil war in El Salvador ended in 1992, which brought about a reduction in the 66,000-strong Armed Forces to less that half. In Nicaragua, where the fighting ceased in 1990, the Sandinist People's Army cut its 80,000 force to less than 17,000. "We should not see armies as having only war as their mission. We were not born from war. We were born with the republic; we have participated in every stage of the nation's development; and our work is still valuable," he added.

Corado said the efforts of the Salvadoran Government and UNESCO to carry out the First Forum on Peace Culture are "worthy of praise." Representatives of 14 countries that have endured armed conflicts will meet this week in San Salvador, along with representatives from 40 other nations participating as observers.

Guatemala is the only country where civil war still persists. There is hope the war, which began in 1960, will end this year following negotiations that are scheduled to begin in March in Mexico.

Cristiani Denies Government Needs Pressuring With Elections

PA1802042494 San Salvador Radio Farabundo Marti Network in Spanish 1200 GMT 15 Feb 94

[From the "Early News" newscast]

[Text] President Alfredo Cristiani has denied his government needs to be pressured into holding free and open general elections on 20 March. During his usual Monday news conference, Cristiani said he shared the Catholic Church's criticism of the political parties' proposals which, so far, have been vague and demagogic.

[Begin Cristiani recording] I agree with San Salvador Archbishopric representatives who say the elections must be open and free. I disagree with the alleged need for pressure. I believe we all want the elections to be clean, free, honest and crystal clear. If something is brewing that could hinder the honesty of the elections, it should be disclosed, because I see no need for any pressure whatsoever. [end recording]

According to Cristiani, the presence of 911 UN observers and Supreme Electoral Tribunal delegates will guarantee the honesty of the 20 March elections. He also described as unnecessary the trip by a Farabundo Marti National Liberation Front [FMLN] delegation to UN Headquarters to seek guarantees for the fulfillment of the peace agreements.

[Begin Cristiani recording] I do not know what the FMLN is going to do at the United Nations. Any time they have a problem they have to go abroad to level complaints. We are all Salvadorans, and there is no need to go abroad to level complaints. The rescheduling the FMLN talks about is permanent. [sentence as heard] We are trying to fulfill the agreements as soon as possible,

and to do so we must establish gradually dates and deadlines. It is a permanent effort by Onusal [UN Observers for El Salvador], the FMLN, and the government. [end recording]

Cristiani said among the delayed peace agreements are the total deployment of the National Civilian Police, the transference of lands, and the reformation of the judicial system.

Roundup of Electoral Developments

PA1702170694

[Editorial Report] The following is a compilation of reports on developments related to the Salvadoran elections, scheduled for 20 March 1994.

Some 7,518 voting tables will be set up in the country for the scheduled 20 March elections. Electoral official Marco Antonio Castro stated that authorities are currently working to prepare the material that the Election Boards will use in 262 municipalities. Authorities will stage a preliminary election before 20 March to identify problems that could arise on election day and adopt the necessary measures to prevent them. (San Salvador Radio Cadena YSU in Spanish 1800 GMT 10 Feb 94)

Leaders of political parties on 10 February signed a new pact of honor at the regional office of the Human Rights Division of the UN Observers for El Salvador, Onusal. The leaders of political parties in San Salvador "pledged to carry out a decent campaign by avoiding verbal attacks and violence in the days preceding the elections." (San Salvador Canal Doce Television in Spanish 0300 GMT 11 Feb 94)

The Salvadoran Catholic Church on 13 February criticized the nine presidential candidates because voters do not know their programs for resolving the country's problems. In his Sunday's homily, Monsignor Gregorio Rosa Chavez lamented that "only five weeks before the elections, the proposals of the different parties remain vague and the enthusiasm of voters limited." He stated that the violence in the country is "very dangerous," adding that parties should present their programmatic proposals to voters. (Mexico City NOTIMEX in Spanish 1956 GMT 13 Feb 94)

During the last 10 months the Supreme Electoral Tribunal, TSE, has issued 516,241 voting cards throughout the country, it has been officially reported. TSE Magistrate Jaime Romero Ventura said that the people are turning out massively to request their voting cards. Romero explained that "the card issuing process has increased considerably in the last few days thanks to the mega operations" carried out by the TSE. The official concluded by saying that the last day for issuing voting cards is 12 March. (San Salvador LA PRENSA GRAFICA in Spanish 16 Feb 94 p 14)

Fidel Chavez Mena, Christian Democratic Party, PDC, presidential candidate, has called for the freezing of prices of the basic market basket for six months so as to improve the purchasing power of the population. Chavez Mena also offered to create 20,000 jobs every month if he wins the presidency. He said: "We offer to create 20,000 jobs every month, in both rural and urban areas." Chavez Mena concluded that he reached agreements with productive sectors to increase jobs. (San Salvador Canal Doce Television in Spanish 0300 GMT 11 Feb 94)

Armando Calderon Sol, Nationalist Republican Alliance, Arena, presidential candidate, has termed Chavez Mena's proposal to create 20,000 jobs monthly "ridiculous." He recalled that when Chavez Mena held the post of planning minister the economy failed to register growth. Calderon Sol stated: "The Salvadoran people are well aware of the fact that poverty increased when Chavez Mena served as planning minister." The progovernment presidential candidate noted the poor performance of Chavez Mena at the head of the Planning Ministry. (San Salvador Canal Doce Television in Spanish 0300 GMT 11 Feb 94)

Guatemala

Copaz Requests No Change in Military Peace Negotiators

PA1702155094 Panama City ACAN in Spanish 2148 GMT 14 Feb 94

[Text] Guatemala City, 14 Feb (ACAN-EFE)—The official Peace Commission (Copaz) of Guatemala has requested that President Ramiro de Leon and Defense Minister General Mario Enriquez not change the three top military officers who are part of the negotiating team in the talks with the guerrillas.

Copaz President Hector Rosada today denied a local media report that the two generals and a colonel were going to be replaced before the next meeting with the guerrillas, which will be held in Mexico soon. The appointed officers are General Marco Antonio Gonzalez Taracena, current deputy chief of defense general staff and Copaz member under the previous government; General Victor Manuel Argueta, commander of the Honor Guard; and Colonel Victor Manuel Ventura, director of the Polytechnic School.

Rosada asserted that the defense minister had reported his intentions to replace one of the military representatives for health reasons and not "to find new participation mechanisms." The sociologist [Rosada] who met last week with the UN mediator in the peace process said: "Yesterday I asked President Ramiro de Leon Carpio and Gen. Enriquez not to change them because they are doing a good job."

The peace delegation is chaired by Rosada who is the author of the peace proposal presented by de Leon last year. The proposal includes three military and three civilians who will negotiate the end of the armed conflict

that was initiated in 1960. This is the only armed conflict that prevails in Central America.

Honduras

Reina Denies Anti-Castro Force Training on Swan Islands

PA1702160694 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 17 Feb 94

[From the "The Morning Paper" newscast]

[Excerpt] President Carlos Roberto Reina traveled to the Swan Islands yesterday to investigate certain strange rumors that troops planning to overthrow Fidel Castro were on the island and to confirm that only authorized aircraft, boats, and other vessels are allowed to transit Honduran airspace and waters.

[Begin recording] [Reina] One reason for my visit to the Swan Islands was to investigate complaints that there might be some sort of strange activity going on there related in some way to the Caribbean situation. I have gone all over the islands and seen what I just told you. Let this serve as evidence to deny any suspicions, rumors, or comments that differ from the truth.

[Unidentified reporter] What strange activities were reportedly going on there?

[Reina] We were advised by a nearby country that some sort of armed action against a Caribbean country was being prepared there.

[Reporter] What country?

[Reina] When you speak of the Caribbean, the political problem has always been Cuba, the Republic of Cuba, which I hope will reenter the inter-American system when the island can meet the system's requirements. These complaints had been kept secret, but they could surface later and tarnish Honduras' image. We do not want our country to be hurt in any way. On the contrary, we want Honduran prestige to afford us all possible international assistance and worldwide acceptance, because democracy is reaffirmed every day in Honduras. [passage omitted] [end recording]

Nicaragua

EPS Chief Conditions Army Reduction to Rebel Disarmament

PA1802033894 Mexico City NOTIMEX in Spanish 2158 GMT 17 Feb 94

[Report by Sonia Gonzalez]

[Text] Managua, 17 Feb (NOTIMEX)—General Humberto Ortega, commander in chief of the Sandinist People's Army [EPS], announced his decision today to reduce the Army's presence in northern Nicaragua to a "minimum" once the 3-80 Northern Front's unconventional forces are disarmed.

The "demilitarization" of northern Nicaragua and the inclusion of the demobilized in the National Police are among the rebels' conditions for establishing a schedule for their disarmament within the next few days.

Ortega reasserted the Army will reduce to a minimum its presence in northern Nicaragua—an area of conflict since the past decade when the contras struggled to topple Daniel Ortega's government—after the recontras end the armed struggle.

For the first time ever, Ortega admitted that as total peace is achieved in Nicaragua "it will become unnecessary for the EPS to deploy troops."

According to military sources, a meeting between the rebel leaders and EPS officers with the mediation of a commission formed by the OAS and Catholic Church is scheduled to take place on 21 February in the city of Antigua.

This will be the first meeting between the rebels and the EPS High Command, who have been political and military foes since the past decade and over the past two years when the "recontra" groups emerged.

After presenting a military base to the Natural Resources and Environment Ministry, near km 20 on the Managua-Massaya Highway, Gen. Ortega dismissed the possibility of a "fatal deadline" in order to achieve results in the talks with the rearmed groups.

He said, nevertheless, his desire is to achieve "as soon as possible" the demobilization of the main group that is still up in arms against Violeta Chamorro's government.

Ortega admitted pacification in the north requires economic and social programs to deal with the region's high levels of poverty and unemployment and to secure means of survival for hundreds of rebels who for the second time will lay down their weapons.

The military chief acknowledged the shortage of jobs in the country and the "considerable poverty" this generates; he also said "disarmament is not enough," because effective social programs must be executed.

Ortega, in a letter he sent recently to 3-80 Northern Front chief Jose Angel Talavara, guaranteed respect for the lives and property of members of the group who immediately lay down their weapons.

Talavera responded with a list of requests that included social and economic demands and the return of government troops to their headquarters.

FSLN Directorate Member Presents Program Proposal

PA1802005894 Managua BARRICADA in Spanish 16 Feb 94 pp 1, 5

[Article by Jorge Katin]

[Text] Bayardo Arce, a member of the Sandinist National Liberation Front [FSLN] National Directorate, has presented to the public the FSLN Program Commission's official proposal, which will be discussed in May during the extraordinary meeting of the FSLN Congress.

According to Arce, the commission has worked on the basis of what was agreed upon during the FSLN's first congress, held in 1991. Then, the delegates demanded the redrafting of four aspects of the FSLN program.

The aspects that were changed in the FSLN's program platform are those related to the FSLN's position on relations with the United States, the Nicaraguan Government, the land issue, and its social role as a party.

The presentation of the document was preceded by a strong debate on these and other topics that clearly established that there are, at least, three clearly defined different tendencies within FSLN ranks.

According to Arce, this document is only a proposal, but it is the official proposal and will be discussed as such by the party members. "The other documents presented will complement the discussion," Arce added.

Relations With the United States

Regarding the FSLN's relations with the U.S. Government, the document suggests "establishing a new relation between the United States and Nicaragua in which mutual interests will prevail."

According to the document, the relations with the United States consist of two essential components: Nicaragua's unrestricted respect for the principles of self-determination and noninterference in other states' internal affairs, and the United States' unequivocal respect for the Nicaraguan people's sovereign and democratic decisions.

These aspects are related to the remarks made to the Sandinist government regarding its support for Central America's revolutionary movements and the history of U.S. military and political interventions in Nicaragua.

The document also supports the incorporation of Nicaragua and Central America into NAFTA.

The programs commission coordinator has denied this part of the document is influenced by the belief that it is necessary to be in good standing with the United States if one wants to be a true electoral alternative.

The second aspect, related to the position with the government, concerns the outright rejection of a government similar to the Somozist. In addition, it deals with the fight against corruption and favors an honest public administration and obedience to the Constitution and bylaws.

"Honest Opposition"

To face the crisis and reactivate the country, the document proposes an honest strategy against the government policies that prostrate the country.

Concerning the phrase "honest opposition," Arce has said these two elements will have to be discussed in depth and outlined by the congress.

"The only way to overcome the vulnerability of the democratic process and ensure its stability is to base it on a nonexclusive economic and social project in the economic democratization," he has said, adding "the state's economic policies should be consistent with this objective."

The Electoral Way

Regarding taking political power, the document states clearly: "For the FSLN, elections are the only valid means to accede to the government. Consistent with our democratic commitment, we hereby declare there is no room or justification for the current armed struggle in Nicaragua."

Regarding the controversial property issue, the document proposes truly novel points that will surely lead to very intense debates in the FSLN.

"The FSLN respects and defends the stability of private property. Similarly, the FSLN encourages the development of all forms of cooperative, associative, and community property, regarding these forms as an expression of the socialization process."

Consequently, the document proposes "a commitment with the country's economic and social agents to face the property issue problem being linked to political stability."

The document also proposes an immediate legalization of workers and peasants' property by allocating the property to them and to compensate fairly "the sectors that have been suffering from the uneven distribution."

Regarding the composition as a party, the program proposes assimilating organically the societal makeup, which is being defined as plural. [sentence as published]

Finally, the document extends an invitation to define the policy regarding the various social sectors, not only to social classes.

Arce has said this is the official proposal, which should be enriched in a debate that opened long before the official documents were presented.

The proposal on the statutes is scheduled to be presented this week, Commander Arce has reported.

FSLN Criticizes U.S. 'Threat' To Deport Nicaraguans

PA1702160394 Managua BARRICADA in Spanish 15 Feb 94 p 8

[Letter issued by the National Directorate of the Sandinist National Liberation Front in Managua on 14 February]

[Text] The Sandinist National Liberation Front [FSLN], in light of the threat from U.S. authorities to expel Nicaraguan citizens currently living in the United States, firmly backs the defense of the legal permanence of these Nicaraguan countrymen in U.S. territory.

The FSLN believes that one reason for the migration of Nicaraguan citizens to the United States was the war of aggression financed, directed, and organized by the U.S. Government against the Sandinist Government.

Exodus Promoted

The U.S. Government in those days encouraged an exodus of skilled Nicaraguans to the United States. The effect of that policy was to subject a large number of Nicaraguans to a vulnerable migratory condition.

Our countrymen, seduced by offers of well being and democracy in the United States, pay their taxes and contribute to the economy with their work, whether they are aware of it or not. However, their legal vulnerability makes them second-class citizens, subjects them to low wages, and leaves them without the social protection afforded other immigrants who, for different reasons, emigrate to that country.

Object of Propaganda

We believe it is totally unfair that citizens who have lived in the United States for many years, after being used as propaganda and cheap labor, are being pressured to leave that country. Furthermore, by virtue of their years of residency, our countrymen are protected by the rights they have acquired in accordance with U.S. laws.

The most conservative forces in U.S. society and "the establishment" [previous word in English] bolster xenophobic measures against Nicaraguan immigrants, thus universalizing the phenomenon observed in other parts of the world. Such actions must be rejected by the Clinton administration, which has the human rights doctrine as its main political banner.

Our Nicaragua of today is going through one of the worst moments of its economic crisis. The high unemployment rate and the stringent pressure from the international financial agencies (IMF-World Bank) preclude any thought of a possible economic reactivation that may bring hopes of progress and work for our countrymen.

The FSLN calls on the National Assembly and all the country's political and social forces to support our fellow countrymen.

The FSLN demands that the Nicaraguan Government defend the rights of these Nicaraguans, who are threatened with imminent deportation that implies familial and social instability.

The FSLN believes that the Clinton administration has an opportunity to exercise its human rights policy and to remain separate from the more conservative forces of his country that encourage xenophobic feelings.

[Signed] FSLN National Directorate

[Issued] Managua, 14 February 1994

FRG Deputy Foreign Minister Vows To Maintain Aid

PA1702230694 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 15 Feb 94

[Report by Claudia Cirias; from the "National Newscast"—passages within quotation marks are recorded]

[Text] German Deputy Foreign Minister Helmut Schaefer, who has been visiting our country since 13 February, said today after meeting with President Violeta de Chamorro that German cooperation will continue. He added that efforts are being made to negotiate Nicaragua's debt with that European country.

In the meeting held this morning between FRG Deputy Foreign Minister Helmut Schaefer and President Violeta de Chamorro, both officials discussed the country's current situation. The German deputy foreign minister said that the objective of his visit is to corroborate that the friendship between the two countries continues and that Germany is making efforts to maintain its political presence here.

[Schaefer, in German fading into Spanish translation] "I have known the president for many years. We maintain a friendship and I have been positively impressed by this meeting. We discussed bilateral relations between Germany and Nicaragua. She delivered to me a message for the German president and we have discussed ways to solve the foreign debt problem. We have talked about German aid to Nicaragua and internal politics in Nicaragua."

Schaefer said that despite the financial difficulties facing Germany, efforts are being made to resolve the problem of Nicaragua's debt with that country, which totals $600 million.

[Schaefer, in German fading into Spanish translation] "In general, I am optimistic we can reach a satisfactory agreement in the negotiations."

He confirmed that German aid totalling about $25 million will be maintained.

[Schaefer, in German fading into Spanish translation] "The German cooperation will be maintained. However, the German Economic Cooperation Ministry must make

cutbacks in its budget. These cuts are fundamental in view of the economic situation in Europe and also in Germany. Unemployment in Germany has reached rates unheard of following World War II.

"However, cooperation and funds for cooperation will continue to flow, although no increase can be made. There will not be cutbacks or reductions. This is our objective and we will continue to work in this direction."

Since his arrival last night, the German deputy foreign minister announced he will meet with different Nicaraguan sectors.

[Sergio Mario Blandon, Nicaraguan deputy foreign cooperation minister] "It is a good opportunity to have the deputy foreign minister here. As you may recall, last December we received the visit of deputy minister (?Resvick). The constant visits of German ministers and deputy ministers signifies their interest in assisting our country."

At the Foreign Ministry, the renegotiation of the debt was also discussed.

[Jose Pallais, Nicaraguan deputy foreign minister] "We have insisted that the negotiation of this debt must be different. Special treatment should be given to the military debt in contrast with commercial aid or aid to support the balance of payments."

This is the fifth time Mr. Schaefer has visited Nicaragua, and today he was scheduled to meet with other government officials and members of political parties.

Presidency Spokesman Danilo Lacayo Resigns

PA1702143694 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 16 Feb 94

[Report by Erica Ramirez from the "National Newscast"]

[Text] Presidency Spokesman Dr. Danilo Lacayo confirmed today that he has tendered his resignation to President Chamorro.

[Begin Lacayo recording] I leave with affection and respect for the president to dedicate myself to other tasks. Wherever I may be, I will always cooperate with the national project, as I have stated in my letter of resignation. [end recording]

Dr. Lacayo appraised the government's performance during the past years.

[Begin Lacayo recording] The president of the Nicaraguan people has performed an enormous task by ending a war, entering a period of peace, and building such a difficult democracy. The president has done a great job. Obviously, this is not the most perfect government in the world, but we can say that this administration has given us hope for the first time. It has helped us to achieve reconciliation. Above all, the president of the Republic of Nicaragua is determined to build democratic values and institutions and—as she has always said—she is carrying out a mission. It is a difficult mission but, it is the mission that she was given. [end recording]

* Mexicans Finance Peanut Production

94P20384A

[Editorial Report] Managua LA PRENSA in Spanish of 21 January 1994 on page 8 reports that Mexican investors have expressed interest in purchasing the Chinandega peanut crop due to a drop in production in Mexico. The Chinandega peanut crop is expected to yield 150,000 quintals. The Mexicans will pay $20 per quintal after it has been processed. The article explains that Anagsa, an agroindustrial enterprise, is purchasing harvesting equipment with Mexican financing. According to local producers, Corinto port activity, local employment, and industry are expected to grow as a result of the investment.

* New Development Center Established

94P20384B

[Editorial Report] Managua EL NUEVO DIARIO in Spanish of 29 January 1994 on page 6 reports that the first development center in Valle de Sebaco has been created in order to facilitate the marketing of the area's products. The article reports that small and medium producers will be able to rent machinery at low cost from the Ministry of Agriculture and Livestock (MAG) and receive training from the Development Foundation (Funde). Producers will eventually be able to form cooperatives and obtain "unconventional" loans. MAG Deputy Minister Julio Rivera explains that there are currently 44 development centers nationwide serving approximately 50,000 peasant families.

* Plans for Ginger, Sweet Potato Financing Reported

94P20384C

[Editorial Report] Managua LA PRENSA in Spanish of 1 February 1994 on page 4 reports that El Rama farmers are seeking investors for ginger and sweet potato. The Ministry of Agriculture and Livestock (MAG) is negotiating a $50,000 investment from the Italian Government to support the cultivation and export of the two products, according to the article. Patrick Bolanos, president of the Nontraditional Products Association, says that Greek investors are planning to purchase ginger and sweet potato at the port of La Esperanza on the Atlantic Coast. The article reports that over 1,600 manzanas of ginger, sweet potato, yuca, and other nontraditional products will be planted this year with international financial assistance.

* Political Parties Join Forces

94P20384D

[Editorial Report] Managua LA PRENSA in Spanish of 23 January 1994 on page 3 reports that leaders of the Independent Liberal Party for National Unity (PLIUN), the Central American Unionist Party (PUCA), and the National Justice Party (PJN) held a press conference on 18 January in order to announce that they are "joining forces." The parties' communique stated that they "...seek alternative viable solutions with a view toward Nicaraguans working together to implement these solutions." Party leaders invited Nicaraguans to participate in a project called "Unity for Change" which offers a "credible and trustworthy" program to create "a new political culture." Party leaders explained that the country suffers from "a lack of moral values, discredited political leaders, and the absence of concrete programs to solve its problems."

Panama

Candidate Carles Decries Widespread Corruption

PA1702230494 Panama City LA PRENSA in Spanish 16 Feb 94 p1a

[Report by Hermes Sucre Serrano]

[Excerpts] The Attorney General's Office is a clear example of the moral damage that corruption inflicts on the daily activities of Panamanians in civil matters, be they penal or administrative, Ruben Dario Carles stated. Carles is the presidential candidate for the Nationalist Liberal Republican Movement, National Renewal Movement, and Civic Renewal Party.

"Not enough has been done to combat the corruption inherited from past regimes, since it is not enough to denounce them. Corruption continues to seriously harm the interests of the Treasury, government functions, and the majority of the people," the former comptroller general added.

Carles indicated that privileges, concessions, pacts, bribes, and the "play it smart" attitude are the norm for persons who corrupt others and for corrupt persons who are bleeding the state and the people who strive for a better country. "The multiplication of these illegal and criminal activities that range from fixing fines and bonds to drug trafficking and money laundering undermine a citizen's chance to obtain greater progress and freedom," he noted. [passage omitted]

According to the presidential candidate, "widespread" unemployment is another consequence of the corruption in the state bureaucracy, which has tentacles that reach the major public services and which does not meet the essential needs of all Panamanians for health, housing, transportation, communications, electricity, and water. He said the inefficiency and deficiency of public services constitutes one of the clearest examples of the "prevalence of corruption" that feeds on institutionalized immunity through a series of provisions and laws that allow influence peddling, something that is a slap in the face of the people and prevents national and international investments.

Roundup of Electoral Developments

PA1702172894

[Editorial Report] The following is a compilation of reports on developments related to the Panamanian elections, scheduled for 8 May 1994.

During a political forum held on 9 February promoted by the Center for Latin American Studies, CELA, Ruben Blades, presidential candidate for the Papa Egoro Movement, MPE, said that the current government corruption in Panama fosters the "imperial arrogance" of the international financial institutions, IFI's, that for many years have disbursed million-dollar loans that have only benefited their promoters. He stressed that it is time to put an end to the dance of millions received through international credits supposedly to carry out social works, but which never reach the poor people. He added that those who pay the foreign debt obtain juicy profits in reward for their services. (Panama City LA PRENSA in Spanish 10 Feb 94 p 3A)

At the same forum organized by CELA and sponsored by the EC, MPE presidential candidate Ruben Blades said he favors revising the Labor Code, privatizing public services, and the withdrawal of U.S. troops from Panama. Blades criticized corruption in the government and private sectors, and proposed the decentralization of the state, the purging of public administration, and independence of the Judicial Branch. On the subject of the U.S. military presence, he said the 20 December 1989 Just Cause military operation was not a "liberation, but an invasion." He added: "We have been clear. We believe in (Panama's) total demilitarization. That means the withdrawal of foreign troops from Panama." (Panama City LA ESTRELLA DE PANAMA in Spanish 11 Feb 94 p 1)

Meanwhile, Ruben Dario Carles, presidential candidate for the Civic Renewal Party, the Nationalist Republican Movement, Molirena, and the National Renewal Movement, Morena, who was also present at the forum rejected Blades' assertions, saying it is "infamous" to say that the IFI's are paying commissions for foreign debt negotiations. (Panama City LA PRENSA in Spanish 10 Feb 94 p 3A)

At the same forum, Carles said if elected he would resolve transportation, crime, garbage collection, and housing problems in the first 100 days of his administration. Carles described the Just Cause military operation as a "liberation," and announced that if elected president, on 9 May he will send three delegates to Washington to seek a new relationship with the United

States. According to Carles, since Panama will remain under "the Pentagon's umbrella," he will demand export quotas for our agricultural and manufactured products in exchange for the U.S. military presence beyond the year 2000. He also said he will repress drug trafficking and money laundering, and that he favors the privatization of public services. (Panama City LA ESTRELLA DE PANAMA in Spanish 11 Feb 94 p 1)

Presidential Candidate Carles traveled to Honduras on 14 February to visit industrial zones in that country. In a communique, the coalition supporting Carles said that the creation of industrial zones is being studied as a means to reducing unemployment in Panama. (Panama City LA PRENSA in Spanish 14 Feb p 2)

Electoral Tribunal President Eduardo Valdes Escoffery ruled out the possibility of holding "a second round of elections" after 8 May. He said the subject was discussed by the National Commission for Revising the Electoral Code, but was not approved. Christian Democratic Party Legislator Guillermo Cochez has questioned Article 255 of the Electoral Code, which according to him violates Article 172 of the Constitution, which establishes that the president of the republic must be elected "by a majority of votes," meaning that he must obtain 51 percent of the votes. (Panama City LA ESTRELLA DE PANAMA in Spanish 10 Feb p A-1)

On 16 February, the Electoral Tribunal will officially announce its final decision on whether to reconsider the acceptance of candidates for the Authentic Liberal Party who did not present their documents in time to register for the upcoming elections. (Panama City EL PANAMA AMERICA in Spanish 16 Feb 94 p 1A)

Bolivia

Poll Shows Support For Government Decreasing

PY1702164594 Santa Cruz EL MUNDO in Spanish 9 Feb 94 p 1

[Text] La Paz, 8 Feb (ANF)—Social Communications Minister Hermann Antelo said today the fact that the government was unable to meet the hopes of the Bolivian people during the first six months of its administration is "quite explainable."

He said: "The hopes the population had on the administration of President Gonzalo Sanchez de Lozada were so high when he was inaugurated last August that it was impossible to satisfy them all. Even if we brought in a magician to run the country, it would have been impossible to satisfy the demands immediately."

A recent poll by the Bolivian Catholic University, UCB, shows the people's confidence in the government is decreasing as the government administration goes on. This situation also affects President Sanchez de Lozada, but to a lesser degree.

Antelo said the first stage in any government is to bring order and make preparations. He added: "The harvest comes later. The people want immediate results; however, they also want immediate well-being, and that is impossible to do."

He added that government actions will be recognized when the people are able to see the results of the great measures for change being implemented and under debate in Congress.

Antelo said: "We understand the people's reaction. It is valid from their perspective. We believe we are doing out best to prepare the grounds for changing that perspective, not only in appearance but through the implementation of measures."

According to the UCB poll, 62 percent of those polled have a bad impression of the government.

Last October the bad impression was only 44.5 percent, which means that the discontent increased by 17.5 percent.

Government May Buy Coca Land In Zero Option Project

PY1702164394 Cochabamba LOS TIEMPOS in Spanish 8 Feb 94 p 1

[Text] La Paz, 7 Feb (LOS TIEMPOS)—The government does not discard the possibility of buying land off the peasants who grow coca in the Chapare and Yungas, which are traditional coca zones, "as a means to finally eradicate all illegal trafficking in Bolivia."

Government Ministry sources told LOS TIEMPOS on 7 February that the project to buy land from the peasants was proposed by the government of President Gonzalo Sanchez de Lozada during the latest meeting of the World Bank Consultative Group for Bolivia late last year.

The sources said: "This option was proposed by the negotiating commission that went to Washington to the international community as a start of the Zero Option project."

They said the administration is seriously studying the idea of buying from the thousands of peasants "their land" used for growing coca.

The sources added: "The offer of $2,000 for every hectare cleared of coca made by the previous government to Chapare peasants, with a bonus of $500 per tract of land cleared of coca is not an empty proposal."

The sources indicated that the government is willing to pay up to $2,500 per hectare of coca to each peasant.

They added: "This means a farmer with 5,000 hectares, for example, will have the possibility of getting approximately $10,000 per hectare for the land he puts up for sale." [sentence as published]

President Sanchez de Lozada decided to implement this project which was labeled "Zero Option" but the project is subject to international financing for its implementation in the medium-term.

* Bolivia: Guarani 'Slavery' Found in Chaco

94P20390A

[Editorial Report] In response to a request by the Guarani People's Assembly, PRESENCIA, a Catholic Church-owned, center-left daily led an investigative team into the Chaco region for a week in December to look into charges that approximately 10,000 Guarani Indians are held in virtual slavery on large estates. The team included a Congressional delegation composed of deputies Silvio Aramayo, of Guarani background, and Daniel Santalla. Its observations are contained in a special report published 16 January entitled "In the Footsteps of Kunta Kinte: 'Roots' in the Southeast."

According to the report, it is estimated that between 40,000 and 80,000 Guarani Indians live in the Bolivian Chaco departments of Santa Cruz, Tarija, and Chuquisaca. Of these, 21,000 are "free" and live in Santa Cruz's Cordillera province. The 10,000 Guarani Indians in the Chuquisacan and Tarijan Chaco live and work in "medieval serfdom," the report says, as agricultural laborers on large estates. Their salaries—often paid in the form of food, clothing, and coca, or alcohol—are so low that the debts they incur to their bosses keep them tied to the estate until they die. Their debts are then passed on to the next generation, perpetuating the cycle of bondage. The report stresses that although indentured servitude, sharecropping, and other coercive labor practices were outlawed by the Agrarian Reform Act of 1953, and despite Bolivia's ratification in 1991 of the International Labor Organization convention on "Indigenous

and Tribal Populations," the Guarani people are generally unaware of their rights because most are non-Spanish-speaking and illiterate. The patriarchal system of the large landholdings gives the landlord absolute power over these Indians who are labeled "uncivilized, non-Christian nomads." The "buying and selling" of Indians also occurs: one boss just pays off an Indian's debts and acquires a new laborer. Some of the worst abusers of the system are the "work inspectors," government officials whose legal mandate is to protect and uphold the rights of agricultural laborers. Instead, these functionaries profit by the "capture, arrest, and return" of runaway Indians to the estates, claiming violation of work contracts signed. Some Indians are able to "buy their freedom" with the help of UNICEF and other nongovernmental organizations active in the region. Others manage to escape to "free lands" or to Argentina.

Confiscation of Indian land continues to be undertaken "legally" with the complicity of agrarian judges, the report charges. Methods by which landlords lay claim to their domains and force Guaranis off the land include introducing cattle onto traditional Indian land, accusing them of cattle theft, arresting them, and putting them on trial; and burning or cutting down their fruit trees. Landlords also encircle entire Guarani communities with barbed wire to lay claim to the Indians as their property.

During its tour of the region, the PRESENCIA team interviewed men and women who described aspects of their servitude and voiced their many complaints: the daily wage of 5 bolivianos (4.48 bs=$1.00) for men, 3 for women, for a 12- to 14-hour day six-day week (the average daily wage in that region is 10 bolivianos for an eight-hour day); years of work without any money exchanging hands; bosses who cheat them by falsifying the amount of their debt; poor food; malnutrition among children and a high mortality rate; and overwork of and lack of education for their children.

In past years, the report continues, the Guarani people's awareness of their status has changed perceptibly through the efforts of the Guarani People's Assembly which now represents approximately 80,000 Guaranis in Bolivia. The organization hopes to expand its membership to Guaranis in Brazil, Paraguay, and Argentina. Programs on their behalf are now better known, such as the Bilingual Intercultural Project being developed in Cordillera and the literacy campaign launched in 1992. The Guaranis in Cordillera, Santa Cruz Department, are better organized than those in other departments and have been able to hang on to their lands in the face of constant threats. Their organizational structure revolves around the five pillars of the PISET program (Production, Infrastructure, Education, Land, and Territory) which is Supported by various government and nongovernmental organizations. In addition, the organization Tierra has been able to buy lands and relocate escaped Guarani communities on them. Finally, the report concludes, the Guarani people are encouraged to denounce the injustices committed against them, because they now have a representative in Congress who is of Guarani descent.

Roundup of Reportage on Economic Activities

PY1702225594

[Editorial Report] The following is a compilation of reports on economic activities in Bolivia through 17 February:

The Inter-American Development Bank, IDB, will grant Bolivia a $100 million loan to build houses this year. (Santa Cruz EL MUNDO in Spanish 9 Feb 94 p 1)

Bolivian Government Oil Deposits President Mauricio Gonzales on 8 February reported that the company's revenues in 1993 totaled 2.882 billion bolivianos and had a deficit of 82 million bolivianos. (La Paz LA RAZON in Spanish 9 Feb 94 Economic and Business Section p 1)

On 8 February, IDB President Enrique Iglesias and Bolivian Ambassador Andres Petricevic signed in Washington a $64 million loan agreement that will be designed to implement urban development and cleanup projects. The World Banks also approved a $42 million credit to finance municipal development projects. (La Paz HOY in Spanish 9 Feb 94 p 6)

Brazil

Differences Persist in Talks To Prevent U.S. Sanctions

PY1802013494 Rio de Janeiro O GLOBO in Portuguese 17 Feb 94 p 22

[Article by Washington correspondent Jose Meirelles Passos]

[Text] The prospect of the United States imposing trade sanctions against Brazil on 28 February gained ground on 16 February after a 90-minute-long meeting between Foreign Minister Celso Amorim and U.S. Trade Representative Mickey Kantor.

The meeting's result proved that the differences between both parties are still considerable and that there is very little time to overcome them. The deadline is only 11 days off and many of the measures the Brazilian Government could take to stave off sanctions must be passed by Congress.

The foreign minister noted: There are still differences of perceptions that could not be settled today. Nevertheless, we will keep in contact in the next few days. We decided that we would speak on the phone if necessary. This is not an easy situation, but it is not impossible to surmount either.

Kantor was circumspect in his remarks. He said it was a productive meeting, "but there are some issues whose

settlement is still pending." Having assessed the meeting, another U.S. official involved in the negotiations later defined the situation:

—This is a very complicated situation because our differences of opinion over certain items on the list under discussion are still quite considerable and serious.

The United States is convinced that Brazil does not give adequate protection to copyright, patent, and trademark rights and demands that this state of affairs be changed. Following the expiration of the first deadline [for taking corrective action] (last May), a period of six months was established to enter into negotiations. This period was extended another 90 days last November and the deadline is 28 February. This could be the fateful date.

Amorim declined to speculate about the implications of possible retaliation by the United Sates. He said:

—We are working on the assumption that we will be able to prevent retaliation.

After being asked openly what his wager on the denouement of this conflict was, the minister evinced uncertainty:

—I am neither optimistic nor pessimistic.

Amorim asserted that both parties came up with new ideas but refused to disclose them. Kantor had at least mentioned that. In practice, the Brazilian Government has 11 days to try to convince the United States that this time it will indeed make the concessions that have been demanded.

If a trade sanction were imposed on our country, it would consist of a surtax on several Brazilian products entering the American market. The idea behind this is to offset the losses incurred by U.S. companies in Brazil—a little more than $500 million—due to piracy.

Finance Minister Again Denies President Aspirations

PY1702233894 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 17 Feb 94

[Report by Claudia Moreira from Brasilia]

[Text] Finance Minister Fernando Henrique Cardoso again said that he is not a candidate for president of the Republic in the 1994 elections. He made this remark after President Itamar Franco said he will support Cardoso if he decided to become a candidate:

[Begin Cardoso recording] The president is very generous, polite, and noble, but this does not mean the launching of any candidacy at all. [end recording]

Minister Cardoso is now totally dedicated to the approval, in a second round of voting, of the social emergency fund bill that will be voted on in the plenary hall on 23 February.

Cardiologist Ferreira May Become PRN Candidate

PY1702192794 Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 Feb 94 Section 1 p 6

[Article by Edna Dantas from the Rio de Janeiro bureau]

[Excerpts] Cardiologist Eneas Ferreira Carneiro, 55, might become the PRN (National Reconstruction Party) candidate in the presidential race. PRN President Daniel Tourinho told FOLHA DE SAO PAULO on 14 February that he is forging a coalition with PRONA [Party for the Redefinition of the National Order], Eneas' party. Tourinho stressed: "He is the physical antithesis of [former President] Fernando Collor and he is a good candidate." [passage omitted]

Confirming that he will contend in the presidential elections, Eneas said: "I already have been a candidate for five years." According to Eneas, the PRN would be one of the alternatives to make his candidacy viable. According to the new electoral legislation, PRONA cannot field a candidate of its own. In general elections like those for choosing a president, only those parties with 3 percent of the total number of deputies may field a candidate. The PRONA barely has one representative in the Chamber of Deputies, Deputy Regina Gordilho (RJ [Rio de Janeiro State]).

The PRN, with a bloc of four deputies, may, as established by law, field a candidate of its own because it received the support of more than 3 percent of the constituency in nine states in the 1990 elections.

New Leaders Emerging in Senate, Chamber of Deputies

PY1702234494 Rio de Janeiro O GLOBO in Portuguese 16 Feb 94 p 3

[Article by Ricardo Amaral]

[Text] Brasilia—The CPI [Congressional Investigating Committee] on the budget scandal did more than uncover a large corruption scheme. The confirmation of the report made by economist Jose Carlos Alves dos Santos forestalled the political deaths of some important congressional leaders such as Deputy Ibsen Pinheiro (RS [Rio Grande do Sul]), Genebaldo Correia (BA [Bahia]) of the PMDB [Brazilian Democratic Movement Party], Jose Luis Maia (PI [Piaui]) of the PPR [Progressive Renewal Party], and Ricardo Fiuza (PE [Pernambuco]) of the PFL [Liberal Front Party], and knocked down Congress President Senator Humberto Lucena (PMDB-PB [Paraiba]) and the PMDB leader in the Senate, Mauro Benavides (CE [Ceara]). The political space created by the CPI's tarnishing of these leaders' image ended up opening room for a group of young politicians who today head the political negotiations.

Ideology, different origin, and different political backgrounds are not obstacles to the new congressional foxes in understanding each other. In the conservative field,

the most organized house is that of the PFL bloc in the Chamber of Deputies headed by Deputy Luiz Eduardo Magalhaes (BA). Magalhaes is serving his second term. He was elected to Congress with the help of his father, Governor Antonio Carlos Magalhaes, but he shines because of his own merits. His most courageous move was to accept Nelson Jobim (PMDB-RS), another emerging star serving his second term, as general coordinator of the constitutional revision process.

"It was brilliant. Luiz Eduardo Magalhaes' decision prevented the articulation of a scheme by people opposing the revision, and guaranteed the beginning of the process," said former Minister Gustavo Krause (PFL-PE) in praising Magalhaes. Krause is serving his first term in Congress.

Magalhaes' counterpart in the leftist field is Deputy Jose Genoino (PT-SP [Workers Party-Sao Paulo]), the oldest public servant (he is serving his third term) in the new generation of foxes. In association with Paulo Delgado (PT-MG [Minas Gerais]), Genoino paves the way for leftist proposals with a style entirely different from that used by his party's dogmatic executive board. Miro Teixeira (PDT-RJ [Democratic Labor Party-Rio de Janeiro]) and Jose Serra (PSDB-SP [Brazilian Social Democracy Party]) complete the group of the new cardinals association—or the "Sacred College," as former President Jose Sarney defines it.

"It is only natural for new leaders to appear and face new difficulties. The CPI affected Congress like the stripping of political rights changed it at the beginning of the military regime. The political space left empty by the latest changes must be occupied and the process is not easy," said Civil Household Chief Henrique Hargreaves, who has served in Congress since 1961.

The process is more painful at the PMDB, which has the largest congressional representation. Before the CPI, party bloc leadership members were all supporters of former Governor Orestes Quercia. Today, the three most visible PMDB deputies are bloc leader Tarcisio Delgado (MG), CPI Vice President Odacir Klein (RS), and Luis Carlos Santos, government leader in the Chamber of Deputies. The three are opposed to Quercia and lead a congressional bloc where the former governor still has great influence.

"My single most important working tool is dialogue. I am not the result of any agreement, and all I can do try to convince my colleagues. That is my style," Tarcisio Delgado said. He is a strange case among a group of legislators who were already involved in politics (in Juiz de Fora) before 1964.

The young cardinals do not have a habit identifying them—such as the "pears" [preceding word in French] liquor bottle made famous by [late senior Deputy] Ulysses Guimaraes' group—and prefer to talk about common objectives. Luiz Eduardo Magalhaes, Genoino, Miro, and Klein were the main proponents of an important decision made by CPI coordinator Roberto Magalhaes (PFL-PE). They convinced the deputy—who also feels comfortable with the group—to abstain from making a partial report.

"Roberto Magalhaes had the greatness of taking a step back. The partial report would have created such big pressure on the CPI that the investigation would have had to be cut short," Genoino recalls.

Party Bloc Leaders Noted

PY1802010994 Rio de Janeiro O GLOBO in Portuguese 16 Feb 94 p 3

[Text] Brasilia—The new congressional leaders that emerged in the aftermath of the CPI [Congressional Investigating Committee] on the budget scandal are legislators who are not always in tune with their party leaders but who have a great ability to listen and negotiate. In each party bloc new leaders are gradually occupying leadership positions at the side of others with more experience.

—PSDB—Leader Jose Serra appears in all important negotiations, from discussions on the presidential succession to talks on constitutional revision, thus consolidating the prestige he earned when he participated in the Constituent Congress. The figure who represents the party is Senate leader Mario Covas (SP). Deputy Sergio Machado (CE) operates as a bridge between Congress and Ceara's powerful party wing. When economic questions appear, negotiations always include newcomer (and alternate member) Jose Anibal (SP), who has direct access to Finance Minister Fernando Henrique Cardoso and the ability of a veteran politician.

—PPR—The party's star is its president, Senator Espiridiao Amin (SC [Santa Catarina]), but Senate PPR leader Epitafio Cafeteira (MA [Maranhao]) is a rare case of a callous politician who still has influence within the party. As a blessing for the party bloc, the CPI multiplied the prestige of Senator Jarbas Passarinho (PA [Para]). In the Chamber of Deputies, new bloc leader Marcelino Guilherme Romano (SP) is the voice of Mayor Paulo Maluf. At times, when moral values are on the spot, the prestige of Deputy Adylson Motta, of Rio Grande do Sul, increases. He is the champion of diligence, so much so that he opens the doors of the plenum auditorium every day. The most promising newcomer is Fetter Junior (RS [Rio Grande do Sul]), who formulates the party's proposals for the constitutional revision.

—PFL—Marco Maciel (PE), party bloc leader in the Senate, maintains his traditional influence in the party bloc and participates in all important negotiations. In the Chamber of Deputies, Luiz Eduardo Magalhaes showed great ability and is one of those rare figures who can really speak for the party bloc. Roberto

Magalhaes and Gustavo Krause, both from Pernambuco and newcomers to the Chamber of Deputies, have increased their influence in the past few months, thanks to the CPI on corruption in the case of Magalhaes, and the constitutional revision in the case of Krause.

—PMDB—The collapse of [Orestes] Quercia's support group split the party bloc. Several PMDB followers must be consulted for any negotiation. Leader Tarcisio Delgado (MG [Minas Gerais]) speaks with the accent of an old MDB [former PMDB party name] authentic wing member. He has to add his voice to the voices of party President Luiz Henrique da Silveira (SC) and Deputy Odacir Klein (RS) to be heard. Deputy Roberto Rollemberg (SP) inherited Quercia's representation because he was an investigator—and not investigated—by the CPI on the budget scandal. The rest of the party follows regional leaders.

—The left—PT leader Jose Genoino (SP) and Paulo Delgado (MG) form a supra-party group of the left that has the support of Miro Teixeira (PDT-RJ [Democratic Workers Party-Rio de Janeiro]) and Sigmaringa Seixas (PSDB-DF). Besides their personal affinities, they almost form a new political party in Congress and work as a communication channels between the left and pressure groups outside Congress. The CPI served to bring to the fore a skillful politician from the PC do B [Communist Party of Brazil] bloc, Deputy Sergio Miranda (MG), but created problems for a well- known star: PT leader Aloizio Mercadante (SP), who came out tarnished together with Congress's so-called "low clergymen" [congressional leaders indicted by the CPI].

New Congressional, Political Leadership Reviewed

PY1702172394 Rio de Janeiro O GLOBO in Portuguese 16 Feb 94 p 3

[Text] Brasilia—Some new protagonists are filling the gaps left by the departure of [Brazilian Democratic Movement Party—PMDB Deputy] Ulysses Guimaraes [who was killed in a helicopter crash in October 1992], the lack of action by the Itamar Franco government, and the budget CPI's [Congressional Investigating Committee] "firing squad" which eliminated a significant part of a generation that was preparing to take power. This new group shares the scene with a few old-guard survivors who were not devoured by the CPI—Senator Pedro Simon (PMDB-RS) [PMDB-Rio Grande do Sul], Senator Mario Covas (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo State], Senator Jarbas Passarinho (PPR-PA) [Progressive Renewal Party-Para State], Senator Marco Maciel (PFL-PE) [Liberal Front Party-Pernambuco State], Senator Jose Sarney (PMDB-AP) [PMDB-Amapa State], and State Governor Antonio Carlos Magalhaes (PFL-BA) [PFL-Bahia State].

Even some historical Planalto hopefuls like [Sao Paulo] Mayor Paulo Maluf (PPR-SP) and [former Sao Paulo Governor] Orestes Quercia (PMDB-SP) can no longer move without the participation of the "new foxes," a team of congressmen—whose average age is about 40—that was formed during the second half of the military regime. Despite all the difficulties, they earnestly entered the scene. For example, PMDB President Luis Henrique (SC) [Santa Catarina State] mustered enough courage to forge an alliance with the PSDB and the PDT [Democratic Labor Party], contradicting Quercia who considers himself the proprietor of the ticket.

PMDB leader Tarcisio Delgado, Luis Henrique's squire, said: "We obviously have different styles. Nevertheless, we are responsible for solving our country's problems honestly."

One of the most subtantial succession talks took place at the Brasilia residence of newcomer Sergio Machado, a jeans manufacturer who entered the political arena to help his friend Tasso Jereissati, the PSDB president, with the only experience of having been Ceara governor. The meeting at Machado's house united the PSDB leadership with the PMDB anti-Quercia band in the early hours of the day on which Congress rejected a quick approval of Minister Fernando Henrique Cardoso's economic program.

Machado's house is on Lake Paranoa in Brasilia, near where former Minister Jorge Bornhausen also lives. At the PFL president's house, the spectrum ranges between Mayor Paulo Maluf and Jose Serra, the PSDB leader in the Chamber of Deputies, and includes new ticket leaders like Alvaro Dias (PP-PR) [Popular Party-Parana State]. The succession talks at Bornhausen's house have always been attended by Luiz Eduardo and Benito Gama, two Bahia congressmen who are serving their second term and have matured through the succession of crises prompted by the investigations of the CPI that handled the PC [Paulo Cesar] Farias case.

Jose Genoino, who is at the far left of the new generation of foxes and describes himself as "a democratic radical," explains: "We are molding a new profile of politicians who are concerned over supplying institutional responses to society's requirements. This common sentiment overcomes ideological disagreements."

Nuclear Equipment Kept in Warehouses Said Obsolete

PY1702140194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Feb 94 p A12

[Article by Tania Malheiros]

[Text] Rio de Janeiro—Equipment destined to be used at the Angra-2 nuclear plant that was purchased from Germany during the 1970's and 1980's is already obsolete and being superseded. A source from the nuclear sector said the electronic part of the control panel is now a museum piece. It is close to 15 years old and has been superseded by more modern ones, but it can be used if necessary. The same source said that state of the art control panels with color video and sophisticated data

processing systems are being installed in the nuclear plants of first world countries such as France, the United States, and Japan.

The same source said that during the next decade new reactors with improved safety concepts will be produced, in which case Angra-2 may no longer satisfy the requirements for a license because it has been out of use for a long time. The source noted that the heavy mechanical part of the reactor and the construction of the plant are not at risk of being obsolete but he indicated that the electronic part will all have to be reviewed. The equipment is being kept in warehouses with great care and under the supervision of technicians of the IAEA, which has its headquarters in Austria.

But the source said no one in the world can guarantee the realiability of high technology pieces kept inactive for almost 15 years. The source said that pumps and motors, for example, kept idle for a long time tend to give problems. He added: "This happens with cars and refrigerators, so why not with a nuclear plant?" Luiz Manuel Amaral Messias, superintendent of the nuclear construction of the Furnas Electric Power Plants, Inc., admits that some parts will have to be changed but said: "This is very common in any project." Messias said that when the government decides to restart the nuclear plant construction, the parts will be subjected to many tests to prevent problems.

Messias admitted that the auxiliary computer for operating Angra- 2 that was bought in Germany is obsolete. He added that the electronic module of the reactor's protection system has already been changed because it did not fulfill the new requirements. The post-accident monitoring system was also replaced because it was too old. Messias added: "We are now discussing the exchange of the nucleus of the reactor, which monitors the flow of neutrons in the reactor."

As problems in the plants appear, Furnas plans to use (German technology) equipment and parts bought for the Angra-3 plant (which will not be rebuilt) in Angra-1 which was bought from Westinghouse in 1970.

Roundup of Economic Activity Reportage

PY1702225094

[Editorial Report] The following is a compilation of reports on economic activities in Brazil through 17 February:

The Sao Paulo State Federation of Industries reported that the unemployment rate in Sao Paulo rose for the fourth consecutive month in January with the dismissal of 11,939 workers, a drop of 0.51 percent compared with December 1993. The unemployment rate dropped 0.57 percent in the past 12 months, which represents 13,453 dismissed workers. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Feb 94 Section 2 p 1)

Sugar exports registered a record increase of 42.7 percent in 1993 with revenues of $773 million, compared with $540 million in 1992. The volume of export increased from 2 million metric tons to nearly 3 million metric tons. (Sao Paulo GAZETA MERCANTIL in Portuguese 12 Feb 94 p 13)

Colombia

Oil Workers Strike To Protest Union Leader's Arrest

PA1802045194 Paris AFP in Spanish 0318 GMT 18 Feb 94

[Text] Santa Fe de Bogota, 17 Feb (AFP)—Five thousand Colombian oil industry workers stopped working this Thursday to protest the arrest of a union leader accused of subversive activities. The intended duration of the action is unknown.

Following the orders of a prosecutor who linked Freddy Pulecio, a member of the board of directors of the Workers Trade Union (USO), to a case of alleged rebellion, Colombian secret agents arrested Pulecio in eastern Arauca during the past hours. USO is comprised of Ecopetrol [Colombian Petroleum Enterprise] workers.

The strike has negatively affected the north-central Barrancabermeja installations, which houses the country's most important oil refinery, and has forced Ecopetrol to implement contingency measures to maintain the production rate and fuel distribution.

The strike started on Thursday afternoon and it is not known if it will last 24 hours or if it will be extended indefinitely.

Roundup of Electoral Developments

PA1702230594

[Editorial Report] The following is a compilation of reports on developments related to the Colombian elections, scheduled for 8 May 1994:

The last-minute presidential bid of Carlos Lleras de la Fuente, a former Constituent Assembly member, has prompted divisions within the Liberal Party (PL), which will elect its official candidate on 13 March. Lleras is considered to be an independent politician removed from the influences of the party power brokers.

Although most PL presidential hopefuls accepted Lleras' bid, David Turbay has threatened not to participate in the PL election if Lleras is given special treatment because he is the son of former President Carlos Lleras Restrepo. Turbay said: "We cannot be divided up as mortals and gods. The mortals would be those of us who obey the rules and respect the laws, and the gods would be those who seek their own rules whenever they need to."

PL presidential hopefuls Ernesto Samper, Humberto de la Calle, and Carlos Lemos appeared to favor Lleras' presidential bid. De la Calle said it was a good proposal to fight "against the PL party machinery." Samper said Lleras' participation could give new dynamics to the campaign. (Madrid EFE in Spanish 1834 GMT 15 Feb 94)

Carlos Lleras de la Fuente has said his presidential bid was inspired by civic and private sector organizations that encouraged him to become a PL presidential hopeful. When Lleras was questioned whether he had discussed the decision with his father—the former president—Lleras said: "No I have not." Lleras said mechanisms are being set up to oppose his candidacy, such as the argument about new voting lists having to be printed. He noted: "It has even been suggested that I run under an independent movement, outside the elections. This does not appear to be the most convenient decision given the nation's current situation." (Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 14 Feb 94)

PL presidential hopeful Ernesto Samper Pizano was seen campaigning in Caldas and several cities of middle Magdalena. Samper said that one of his government's goals is to return life to the Magdalena River, indicating that he would not hesitate to help the peasants and that he would return the Agrarian Bank to the farmers.

Meanwhile Andres Pastrana, Conservative Party hopeful, asked the government for necessary guarantees for the elections. Pastrana also sent a message of solidarity to the Boyaca political leaders who are being held hostage, and he expressed hopes for a speedy and safe release of the kidnap victims.

In Santa Marta, PL presidential hopeful Carlos Lemos said that given that women in general are honest and therefore more difficult to bribe, one must take advantage of this virtue by appointing them to important posts in public administration to create a climate of honesty in the nation.

Over the weekend, Humberto de la Calle, PL presidential hopeful, said that a large majority of Colombians should have access to education because a lack of education is the root of many problems in the nation. (Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 15 Feb 94)

Paraguay

Foreign Minister Dismisses Possible U.S. 'Retaliation'

PY1702233194 Asuncion ULTIMA HORA in Spanish 17 Feb 94 p 5

[Text] Operation "Strong Roads 1994" was hamstrung due to Paraguay's refusal to accept the entry of 600 U.S. soldiers in our country. Foreign Minister Luis Maria Ramirez Boettner asserted that this would not have any negative repercussions in our relations with the United States nor will the latter withdraw its cooperation.

The foreign minister remarked that it was totally "absurd" to think the United States would curtail its aid to and backing for Paraguay in retaliation for the government's decision not to allow the entry of U.S. servicemen into our country.

"Not by any means; that is totally absurd. Our relations and cooperation with the United States are very friendly, very cordial."

"We have established some conditions for the coming of those servicemen, as their presence was totally unjustified for the public works they were going to build. Therefore, the good relations existing between Paraguay and the United States will not be affected by this," said the minister in response to a question from the press.

The foreign minister shared the view that the U.S. response, to the effect that it will suspend Operation "Strong Roads 1994" here for lack of time while at the same time stating that military maneuvers might be conducted in another Latin American country, is a contradiction.

It should be pointed out that the official U.S. response submitted to the Paraguayan foreign minister by U.S. Ambassador to Paraguay Jon Glaseman contends that "the U.S. Government will not be able to conduct military exercises due to a lack of time for logistics arrangements, including the dispatching of building equipment."

Ramirez Boettner then confirmed that the Paraguayan Government was not pleased with the U.S. State Department report on human rights in Paraguay, which underscores some deficiencies on the issue.

He stated that our government will give an official response to the U.S. State Department next week.

"We thought the report had not assessed things in their true perspective and, therefore, we are analyzing the points in which they deem that human rights have been violated so as to be able to give an appropriate answer," he noted.

The minister went on to say that the United States customarily evaluates the respect for human rights in every country, and wondered whether the United States is rated on this issue, too.

Roundup of Economic Activity Reportage

PY1702211294

[Editorial Report] The following is a compilation of reports on economic activities in Paraguay through 17 February:

The River Plate Basin Development Fund granted Paraguay a $50 million loan, of which $30 million will be used to pave the San Ignacio-Pilar highway and $20

million to create an industrial development fund to finance industrial activities. (Asuncion HOY in Spanish 5 Feb 94 p 22)

The Paraguayan trade balance registered a $524 million deficit in 1993, with exports at $748 million and imports at $1.272 billion. This represents a drop of 10 percent compared with the 1992 deficit of $580 million. (Asuncion ABC COLOR in Spanish 13 Feb 94 p 25)

The Central Bank's net international reserves totaled $698.4 million in 1993, an increase of 14.4 percent compared with $610.5 million in 1992. (Asuncion ABC COLOR in Spanish 15 Feb 94 p 13)

Peru

Presidential Communique Announces New Ministers

PA1702133694 Paris AFP in Spanish 1224 GMT 17 Feb 94

[Excerpt] Lima, 17 Feb (AFP)—Peruvian President Alberto Fujimori accepted on Wednesday the resignation of Alberto Bustamante y Bustamante's, president of the Council of Ministers. The Presidential Press Secretariat announced that Bustamante would be replaced by Foreign Minister Efrain Goldenberg.

Bustamante, who had been appointed president of the Council of Ministers in August, tendered his resignation six days after the promulgation of a law that granted military courts jurisdiction over the "La Cantuta" case, an incident in which human rights were seriously violated and in which members of the Peruvian Armed Forces have been charged.

The Presidential Palace communique indicated that new Prime Minister Goldenberg will assume his post this Thursday while continuing to hold his post as foreign minister.

President Fujimori also accepted Education Minister Raul Victor Alfaro's resignation, who just two days ago denied any disagreement in the government regarding the La Cantuta case. The new education minister will be Jorge Reyes. [passage omitted]

Cabinet Changes Announced

PA1702191494 Lima Radio Programas del Peru Network in Spanish 1831 GMT 17 Feb 94

[From the "Newspaper of the Airwaves" newscast]

[Text] President Alberto Fujimori has just sworn in the members of the cabinet presided over by Foreign Relations Minister Efrain Goldenberg Schreiber, new president of the Council of Ministers, here at the El Dorado Room in the government palace. The new ministers are: Dr. Jorge Trelles, minister of education; Dr. Liliana Canales, minister of industry, tourism, integration and international trade negotiations minister; and Engineer Raul Vittor Alfaro, minister of the presidency.

Other ministers who were ratified also took the oath of office. They are: Major General Victor Malca Villanueva, minister of defense; Maj. Gen. Juan Briones Davila, minister of the interior; Eng. Daniel Hokama, minister of energy and mines; Dr. Augusto Antonioli Vasquez, mi ister of labor and social promotion; Dr. Dante Cordova Blanco, minister of transportation, communications, housing, and construction; Dr. Jaimne Freundt-Thurne Oyanguren, minister of public health. The other ministers will take the oath of office at a later date because they are currently out of the country. They are: Eng. Jorge Camet, minister of economy and finance; Dr. Fernando Vega Santagadea, minister of justice; and Mr. Jaime Sobero Taira, minister of fisheries. Eng. Absalon Vasquez Villanueva, minister of agriculture, will also be sworn in at a later date because he is on a working tour of the interior.

Sentences Sought in La Cantuta Case Considered 'Mild'

PA1702230794 Lima Global de Television Network in Spanish 0100 GMT 17 Feb 94

[From the "Global TV News" newscast]

[Text] The sentences requested by the military prosecutor for the soldiers implicated in the La Cantuta case was what finally made Minister Bustamante resign from his post. The military prosecutor requested jail sentences of 20 and 15 years for the soldiers who committed the crime—two majors and four suboffficers—while only five officers were included in the proceedings and charged with negligence.

Jurists, congressmen, and other prominent people linked to human rights organizations have described the sentences requested by the military prosecutor for the 11 soldiers being tried in the La Cantuta case as mild.

[Begin unidentified priest recording] In my opinion, the sentences are too mild, because it was a very serious crime. [end recording]

The most drastic sentences were requested for Majors Santiago Martin Rivas and Carlos Pichilingue, for whom the military prosecutor requested 20 years each. In descending order, 15 years were requested for suboficers Jesus Antonio Sossa, Nelson Carvajal Garcia, and Pedro Guillermo Supo; five years for General Juan Rivero Lasso; four years for Colonel Federico Navarro Perez; two years for Captain Jose Velarado Astete; and 30 days for Colonel Manuel Guzman Caideron.

In view of the situation, relatives of the slain civilians announced via their lawyer that they will not participate in the trial to be held in a military court.

[Begin Attorney Saul Cuadros recording] The civilian side—the relatives and three others—today agreed not to

participate in the military trial. Previously, in May and October, we acted on behalf of the civilian side in written documents, but we never received approval to do so. By participating on behalf of the civilian side, we would be endorsing many irregularities committed by the military court—irregularities with which we totally disagree. [end recording]

Meanwhile, Congressman Cesar Larrabure criticized U.S. meddling in Peruvian affairs by commenting on the so-called La Cantuta law. He said the autonomy and sovereignty of countries must be respected, adding that the United States cannot treat Peru as a colony. In this regard, he said the U.S. State Department's statement with regard to the so-called La Cantuta law is unacceptable. He also expressed his confidence that soldiers implicated in this case will receive a fair trial.

Ex-DEA 'Agent' Links Generals to Drugs

PY1702203594 Lima LA REPUBLICA in Spanish 7 Feb 94 pp 16, 17

[Article by Oscar Vargas Romero]

[Text] Demetrio Limoniel Chavez Penaherrera, alias Vaticano, the most powerful Peruvian international drug trafficking kingpin, was protected by Huallaga Front's top-ranking military commanders for four years. He even used Colombian Air Force planes for his illegal and criminal business. It was reported that he transported 3,000 kg of drugs on each flight on the Campanilla-Cali route.

Chavez Penaherrera became a sort of king in Upper Huallaga's northeast jungles. He could even afford an army of hired foreign gunmen to fight off an attempt by the Maoist Shining Path to take control—at machinegun point and with dynamite—of the transportation of cocaine paste to Colombia

But the Shining Path, when confronted with Chavez Penaherrera's paramilitary forces, withdrew and contented itself with protection quotas on drug shipments from roads in coca-producing areas as well as from clandestine airstrips.

These explosive revelations were made on 6 February by former DEA agent Augusto del Rio during an extensive interview with journalist Alfredo Barnechea during the Channel 9 program "Live." An important panel of narcoterrorism experts also participated in the interview.

The interview was recorded 24 hours earlier for security reasons involving the former DEA agent. The program included a large portion of the first testimony given by Chavez Penaherrera to National Anti- Narcotics Directorate (Dinandro) investigators at 1120 on 25 January.

In the most important part of his declaration, Del Rio shook the panel when he named Generals Alberto Arciniegas Huby and Eduardo Bellido Mora, former Huallaga Front commanders, as "Vaticano" protectors.

Using direct language, Del Rio said Bellido forced the abortion of the operation code-named "Campanazo" that was designed to capture Chavez Penaherrera.

"I participated in a 45-day intelligence project. The operation was conceived on 6 February 1992 but implemented on 3 March 1993. We thought we were going to hit them hard but everyone in Campanilla had been alerted. We thought we would seize between 2,500 and 3,000 kg of drug, but we were only able to seize 500 kg of cocaine paste. All this indicates that 'Vaticano' was able to manipulate and give orders, but always under Army protection," Del Rio said without hesitating. He also said "Vaticano" paid his protectors between $400,000 and $500,000 [numbers as published] for each flight.

During his testimony at Dinandro, "Vaticano" contradicted President Alberto Fujimori's assertions that his capture was due to the direct work of the National Intelligence Service, which carried out an operation that lasted three months and included following a former beauty queen (Lucila Boggiano, Mrs. World).

Chavez Penaherrera said: "I was visiting a friend at his home in Cali and I was arrested because I did not carry any identification with me. The operation was carried out by Colombian Fiscal Police. When I gave them my name, when they learned of my name, they checked it with a list of petitions in Maynas, Loreto. That is why they took me to Peru."

The drug trafficker said no Peruvian woman, least of all a beauty queen, had been involved in the operation that ended with his detention in Cali.

"Vaticano" said, however, that he met Alexis Janeth Ramirez Perdomo, a Colombian Intercontinental de Aviacion airline flight attendant, when he made a trip from Bogota to Cali.

When learning of this, television program reporters called the Colombian airline offices in Cali in order to find out the whereabouts of Alexis Janeth, but the answer was negative.

"We do not have her registered here," a voice answered at the other end of the telephone line.

Participating in the interview were congressman Julio Castro Gomez, former Dincote chief PNP [Peruvian National Police] General John Caro, CARETAS director Enrique Zileri, and political analysts Carlos Tapia and Federico Prieto Celli.

Julio Castro Gomez, a CCD [Democratic Constituent Congress] Supervision Committee member, revealed that at present there are 350 military chiefs involved in drug trafficking violations in Huallaga Valley, the world's main source of raw material for the manufacture of cocaine.

The legislator said the officers are under investigation for alleged crimes committed since 1980.

Castro Gomez mentioned figures released in 1991 by a former Central Reserve Bank president saying that drug trafficking moves around $1.2 billion annually, that is, more than $3 million per day.

"This means that drugs' corrupting power is very important and it would be naive not to accept that civilian or military authorities, particularly officials operating in emergency zones, might be involved in the dirty trade," Castro Gomez said, adding that the officers involved in drug trafficking must by tried by ordinary courts and not by military courts, where crimes are covered up because of a false esprit de corps.

Former Dincote chief John Caro paid homage to the honest military men who fought and continue to fight this scourge.

In order to stress his remarks, Caro mentioned the names of officers Mayatoshi and Taboada [not further identified], who, according to him, "are examples of personal dedication and defense of the institutions for which they patriotically work."

Nevertheless, John Caro expressed his dissatisfaction by stating that the good name of the Armed Forces and the police has been tarnished since many of them are tempted and ensnared by the corruptive power of drug traffickers who handle huge sums of money and are protected by hirelings.

With a characteristic Loreto accent, the former DEA agent openly accused with names and details the high-ranking military officers who protected Chavez Penaherrera, who has been arraigned on treason charges and today will be sentenced to life imprisonment by a faceless military court.

At the beginning of his deposition, Augusto del Rio acknowledged that Peruvian drug traffickers have now become actively involved in the industry. They not only buy coca from peasants and soak it but also have ventured into processing cocaine in keen competition with Colombian cartels.

He then reported that "Vaticano," whom he trailed in several operations to capture him, gained a foothold in the international drug business in 1989 when he had his own landing strip built in the village of Campanilla.

Del Rio claimed that at that time, having signed contracts with the other "firms" (other powerful drug traffickers), "Vaticano" rented that airstrip for $5,000 per flight.

He added that "when he arrived at Campanilla in 1989, Chavez Penaherrera was no longer 'Loco Lemonier' but 'Vaticano.' Or in other words, he was already a drug kingpin who rubbed shoulders with Colombians and he had entered the big business, in which he succeeded thanks to his good fortune and, consequently, he amassed a fortune."

Del Rio also pointed out that by personal endeavor, "Vaticano" gained a foothold in the Colombian market and directly contacted the mafias there. This, he assured, cost "Vaticano" his head, as the notorious Cali cartel had a lot to do with his capture.

He further stated: "The Colombians were jealous because he had reached the top. Moreover, the Cali cartel had been dealt a severe blow with Pablo Escobar's death." Del Rio's remarks caused a great impact in political circles, especially military ones.

To that effect, the most revealing reports are that three Army captains protected "Vaticano" in exchange for large sums of money and that a major called "Otorongo" came especially from Tarapoto to Campanilla to act as link to collect the protection money that finally ended up in the hands of the former Huallaga Counter Subversive Front commander, Gen. Eduardo Bellido Mora.

At this point, Bernechea asked him whether he had evidence to support his statement.

The former DEA agent said he had participated in several operations in the last few years in which a total of 3,000 kg of drug were seized and that "I have seen with my own eyes" how high- ranking military officers are implicated in the protection of drug traffickers, especially "Vaticano."

He said: "Let us start with Gen. Arciniegas and finish with Gen. Bellido. I need only show you a photograph in which you could see them there. But hirelings registered everybody who came to the landing strips so it was impossible to take photographs. Those who were found in possession of a camera were killed."

When giving details about how shipments to Colombia were made under the protection of Army soldiers and officers, del Rio noted that at that time, all movements were timed with a chronometer.

Light aircraft, for example, stayed between 8 and 10 minutes on airstrips for loading shipments, which were not registered since "agreements between firms are to the point and highly respected; therefore, there is no need to check them."

With regard to shipments made by "Vaticano," del Rio commented that his hirelings controlled landing strips when light airplanes landed and took off, while Army patrols were in charge of watching the cars that transported the shipment along highways and roads.

He explained that shipments were made Monday to Saturday in light aircraft, the number of which ranged between four and six per day, and flights were scheduled from 0900 to 1700.

Del Rio disclosed: "I saw—on two or three occasions—that Colombian Air Force planes were used. They took off transporting 3,000 kg of cocaine paste in each plane at around 1700." He noted that the type of aircraft was similar to the one used by the DEA in its operations.

Officials Find Victims' Remains; Peasant Patrols Blamed

PY1702194494 Lima LA REPUBLICA in Spanish 5 Feb 94 p 11

[Article by Manuel Tovar; all numbers as published]

[Text] Huancayo—Remains of the bones of some of the 10 peasants kidnapped and murdered by peasant patrols at a community in El Tambo were discovered a few hours ago inside an abandoned mine near that community. The discovery was made by two Huancayo provincial prosecutors accompanied by a detachment of policemen and soldiers.

The prosecutors conducted the search at the request of congressman Roger Caceres Velasquez, president of the Democratic Constituent Congress Human Rights Committee, who received a report on the massacre from relatives of the missing persons.

The officials made the morbid find at the Paccha annex, in the heights of El Tambo District, Huancayo Province, some 75 km west of the city of Huancayo.

The massacre allegedly was carried out by more than 100 peasant patrol members from the Suitucancha and Rangra annexes using the breech-loading shotguns supplied by President Alberto Fujimori a few years ago to defend their communities from terrorist attacks.

The victims were Paccha annex inhabitants with whom the alleged killers had constant disputes over the ownership of grasslands and agricultural lots located between the two communities, which allegedly was the cause of the crime.

According to the testimony of the missing peasants' relatives, Suitucancha and Rangra peasant patrols on the night of 27 February 1992 launched a surprise attack against Paccha peasants, shooting and killing 10 of them.

The killers then threw the bodies of the dead peasants inside an abandoned mine located high up a hill in the Paccha area.

On 25 August 1993, a commission named by the Attorney General's Office guarded by a group of military and police agents, heeding a complaint by relatives of the dead peasants, went to the mine to verify the existence of the remains, but they were attacked by a mob of 150 Suitucancha peasant patrol members.

Commission members, however, were able to enter the mine and locate three graves containing the remains of the murdered peasants, but they could not take anything out because the peasant patrols attacking them at the time forced them to leave empty-handed.

On 4 February, Huancayo provincial prosecutors Jean Diaz Alvarado and Juan Lezama, following a request to finish the proceeding from congressman Roger Caceres Velasquez, travelled to the Paccha annex to excavate the remains of the slain peasants.

The prosecutors, accompanied by 15 Huancayo Criminal Investigation Commission agents, led by PNP [Peruvian National Police] Lieutenant Daniel Berrocal, plus 15 soldiers, entered the mine.

Inside the mine, the officials were surprised to find that the places where the first commission had located the three graves were covered by metric tons of rock and soil from the mine's roof, presumably loosened with dynamite by the murderers in an attempt to hide the evidence of their crime.

However, thanks to a careful inspection of the mine's entrance, the officials found the remains of the bones of a total of 15 people buried there.

Registry of Arrested People Implemented

PY1702164794 Lima EL PERUANO in Spanish 10 Feb 94 p A2

[Text] National Attorney General Blanca Nelida Colan Maguino said yesterday that the National Detainees Registry [Registro Nacional de Detenidos] will guarantee absolute respect for human rights and will permit a better administration of justice throughout the nation.

The registry will open to the public as of today. Initially it will work exclusively with individuals charged with violating antiterrorist and national security laws in Lima and El Callao.

Colan Maguino said in the next few months the registry will cover all regions of the country and will cover individuals arrested for all crimes, a task that will involve the Attorney General's Office, the Interior Ministry, and the Defense Ministry.

The attorney general said that the registry's central headquarters will be connected with the various prosecutor offices—particularly those located in emergency zones—through radio equipment donated by the AID.

The Registry will provide free information to relatives, lawyers, and national and international organizations involved in the defense of human rights.

Interior Minister General Juan Briones Davila said the registry will prevent excesses that might distort Peru's current efforts to defend human rights.

Briones said that all national police regions are linked to the registry's computer system which operates from the first floor of the Attorney General's Office Building on Abancay Avenue, in downtown Lima.

The files used by the registry contain information on the physical condition of the detainee at the time of his arrest at a police, military, or judicial department. It will also include other information such as sex, education level, age, and the number of the prosecutor's office that is handling the case.

Police Force Officers 'Invited' To Retire

PY1702194094 Lima EXPRESO in Spanish 5 Feb 94 p A2

[Text] A total of 126 PNP [Peruvian National Police] officers, including colonels, commanders, and majors were "invited" to retire on 3 February, according to an Interior Ministry supreme resolution that explains that the purpose is to renew the cadres.

The list of the 126 officers includes 70 colonels, 17 from the General Police [PG], 19 from the Technical Police [PT], three from the Security Police [PS], and 31 from the Police Forces Health Unit.

Also, 36 commanders, of which seven belong to the PG, 22 to the PT, four to the PS, and three to the Police Health Unit.

The list also includes 20 majors: Five from the PG, 12 the PT, and three the PS.

It was learned that in the next few days this measure also will affect captains, lieutenants, and second lieutenants.

Police sources who asked to remain anonymous, said the "invitation" was delivered on 3 February to the homes of the affected policemen who will have to accept it.

It also was disclosed that six generals retired last December.

The sources noted that disciplinary measures played a strong role in the aforementioned "invitation" because a commission assessed the respective service records of all the commanders between 1989 and 1993.

In the case of retirement for years of service, the sources said that those who graduated between 1961 and 1963 were included.

It was also disclosed that those "invited" to retire will not lose any of their benefits. In the case that they were found liable for promotion to the next rank, they will get the salary and fringe benefits of the next rank.

This measure, as well as changes announced by the Counterterrorism Division (Dincote) and the Crime Investigative National Directorate [Direccion Nacional de Investigacion Criminal—Dinincri], has generated uncertainty within the PNP, according to the same sources.

As is known, a few days ago PNP Director General Victor Alva Plasencia asserted that police stations that [words indistinct] to the public and carry out street services will be reinforced to do a better job.

He did not specify, however, if the reinforcement will come from Dinincri.

Moreover, on that occasion he said that in view of the reduction of terrorist actions, the crime prevention service will be reinforced so the citizenry can carry out its activities normally.

In this regard, Alva Plasencia only said that the units will continue doing their job and that there is no estimate of the percentage of personnel that will be rationalized.

In referring to Dincote, he said it will continue doing its job throughout the country.

Interior Minister Discusses Police Reorganization

PY1702143394 Lima EXPRESO in Spanish 8 Feb 94 p A2

[Interview with Interior Minister Juan Briones Davila by unidentified EXPRESO reporter; place and date not given]

[Text] EXPRESO interviewed Interior Minister Juan Briones Davila to learn about the rumored reduction within special police units. Some 150 Dincote [National Counterterrorism Directorate] members have been reassigned to other regional terrorism units, while the National Crime Investigative Directorate [Dinincri] is as yet untouched.

[EXPRESO] Is it true that 30 percent of the Dincote personnel are being reduced?

[Briones] We are doing the following: Dincote personnel have been sent to reinforce regional counterterrorism divisions to improve the countersubversive action at a national level. Among the 12 police regions are the Jecotes (Counterterrorism Provincial Police) and the Secotes (Counterterrorism Section) [Seccion contra el terrorismo]. We are reinforcing them to finish off the last few subversives.

[EXPRESO] Have 30 percent of the members gone to the Jecotes?

[Briones] Much less. They total 150 members. But we will not remove support from the Dincote. The idea is to improve our action at a regional level without reducing support.

[EXPRESO] But it has also been said that personnel from other police units will be retired.

[Briones] No. We have already announced that the police schools will not receive new students for a determined period of time. The schools will train personnel who are currently holding desk jobs so that they return to police work in the police stations.

An enormous number of people worked in the Police Staff. No one wanted to go to the streets for fear of the terrorists. Instead of being on the streets, they held desk jobs.

[EXPRESO] How many men are we talking about?

[Briones] About 2,500.

[EXPRESO] It is said that personnel in the Dinincri have also been reduced.

[Briones] No. There will be investigative police members in each police station from now on. If the case is more complicated or if it has national ramifications it will pass under the jurisdiction of the Dinincri. This unit is like the FBI in the United States which intervenes when a case goes beyond a local jurisdiction.

[EXPRESO] But will investigative police members leave the Dinincri?

[Briones] No, they are already in the police stations. The Dinincri will not be touched. There is no change. I do not know where that rumor came from. The only changes are the normal police reassignments according to the rules.

Government Appoints New IDB, Social Development Head

PY1602183194

[Editorial Report] Lima LA REPUBLICA on 31 January publishes on page 8 a 250-word unattributed article entitled "Appointment of Estela as Foncodes Executive Director Officialized."

The article says the government published on 30 January a supreme resolution making official the appointment of Manuel Estela Benavidez as Peruvian representative to the Inter-American Development Bank and as new executive director of the National Compensation and Social Development Fund, Foncodes, replacing Arturo Woodman Pollit.

The article further notes that Estela will coordinate the technical assistance provided by international organizations, and Foncodes also will handle IMF and World Bank funds.

Shining Path Peace Motives Analyzed

PY1602174694 Lima LA REPUBLICA in Spanish 30 Jan 94 Sunday Supplement pp 16, 17, 18

[Article by Ricardo Tapia]

[Text] The Shining Path [SL] document published by LA REPUBLICA a few days ago giving an account of what was discussed by Abimael Guzman and other main SL imprisoned leaders, as an underlying fact throughout it, recognizes the validity of the policy chosen in May 1982. This fact is taken as a basis for the peace agreement.

Considering "the people's war to be the greatest social revolutionary movement in Peruvian history...." and "the strong point, the most developed in the democratic path....," it describes clearly how difficult it will be for those defending true democratic interest to reach a peace agreement when faced with this SL fundamentalism.

The greatest majority of Peruvians want peace and an end to the attacks, the blackouts, and the car bombs. We would also like an end to the cases of disappeared prisoners and a reduction of the number of provinces in a state of emergency so that we can gradually return to our normal lives and to the full state of law throughout the land.

We would like to see differences among Peruvians on the grave problems afflicting the country resolved through democratic mechanisms. This and nothing else was the lesson derived from the 1976-78 struggle that allowed us to recover our democracy and to end 12 years of military government. Even the 5 April self-imposed coup, the legitimacy of which will be decided by history, had to withdraw some of its initial objectives and allow CCD [Democratic Constituent Congress] and municipal elections. The authoritarian characteristics of the present government, which were useful for the initial coupist project, are today increasingly isolating the government from the masses. If the wearing effect is still slow to affect this government it is only because of the mistakes made by those who from government positions ransacked democracy or as a result of errors by those who from radical and alarmist opposition positions showed a resounding lack of loyalty.

The start of the SL armed struggle was, undoubtedly, a growing destabilizing factor that affected our democratic achievements. If we look at the 13 years of internal warfare in hindsight we will not only see the dead, injured, and maimed; damage to the Peruvian economy, displaced persons, the culture of violence, and the arming of peasants; we will also see the overall weakening of democracy, the growing military presence, and, particularly, the disintegration of people's movements and the crisis of those who wanted to assume their political representation.

It is clear, then, that the so-called SL people's war has not served to establish any democratic path. On the contrary, it has served directly or as a pretext—together with other factors—to advance toward more authoritarian positions.

In fact, Abimael's boast that he had given "harsh blows" to the three mountains—feudalism, imperialism (including the "social- imperialism" of the USSR), and bureaucratic capitalism—does not stand any analysis. This is because, first, the large landowners of the semi-feudal era had already been virtually eliminated as a result of the agrarian reform of [Juan Velasco] Alvarado by the time he started his war. Second, the Unites States, as we all know, enjoys good health and it has consolidated its position as a world hegemonic power. The disintegration of the USSR can be explained in many ways, but it would be preposterous to link it to any SL or MRI [Internationalist Revolutionary Movement] actions.

Now, and because of the importance Abimael grants it, let us analyze the "harsh blows" by the SL to the so-called "bureaucratic capitalism." As we all know,

Mao referred to a capitalism that was linked to feudal large landowners' interests in the China of the 1930's and which joined forces with the imperialist interests of the time to monopolize state powers and were politically represented by the Kuomintang and Chiang Kai-shek. Mao identified four large families that directly benefited from this Chinese bureaucratic capitalism. It seems that, at the beginning of the 1970's, Abimael fell in love with the term and in an anti-Marxist way defined it the way he saw fit in order to continue to defend the characterization of Peruvian society as "semi-feudal" and justify its peasant war strategy. Therefore, all objective discussion on industrial progress, the growth of cities, the relative decrease of the importance of agriculture in the country's overall economic and political structure were for him nothing but the confirmation of the semi-feudal character of the country and our developing capitalism was only consolidating this semi-feudal system.

It is not clear if the murders and pillages perpetrated against small retailers who live on the mountains, against private agricultural companies, and against SAIS's [Social Interest Agricultural Association] in the countryside, are the harsh blows dealt to the "bureaucratic capitalism." Perhaps, Guzman is referring to the dynamite attacks on bank branches and the burning of some industrial facilities in Lima. If he alluded to the former, the result of his action only served to deepen the agricultural crisis that batters the country and to increase our dependence on foreign foodstuffs; in other words, to favor agricultural producers from "imperialist" countries. If he referred to the dynamite attacks, his action was instrumental in helping insurance companies and leading security companies—established precisely through "bureaucratic capitalism"—to increase their profits.

If he intended to "dismantle" government investments in the economy, in fact by blowing up nearly 2,000 high-tension towers he merely managed to leave many little villages without electricity and to facilitate pretexts for laying off staff from large companies which were affected by the crisis and which lost less money by being closed down than by producing. The bulk of these losses were passed on to users by hiking the price of electricity rates and reducing—or at best by freezing—workers' salaries and wages.

In fact, a better and more efficient dismantling of the state economy occurred during the current administration, from which not even the National Bank seems to escape. The consolidation of a true bureaucratic bourgeoisie is also under way by all those who, with or without debt notes, stand to gain with the so-called privatization process.

Notwithstanding this, by "applying the ideas of MLM [Marx, Lenin, and Mao] in a creative way, and specifically the PG [Thoughts of Gonzalo, that is Guzman's Plan]," we might venture to suggest that the SL's greatest contribution has been to the drug trafficking business. The "novelty" of all this has been the attempt to displace hirelings, mafias, and small "firms." Initial efforts were rapidly absorbed by powerful foreign and domestic interests that capitalized on the terrorists presence to consolidate a new hegemony that considered the interests of representatives of the different armed powers present in the region. Following a brief encounter, the "firms" decided that SL members who had settled in areas under the control of traffickers would handle the stocking and transportation of up to 50 kg of "cocaine paste." Other, more powerful individuals, receive "orders" under the protection of the SL for consignments of 400 or 500 kg and guarantee its transport to the airstrips where Colombian light aircraft land and take off.

Even though it is not explicitly mentioned in the document—possibly due to the context in which it was written, with his captors present and the need to use a "diplomatic language" given the present circumstances—it does not refer to the "harsh blows" dealt to the Armed Forces, which were hitherto considered as the main stanchion of the three mountains. Neither does it refer to "the generals specialized in defeat," as he did in previous documents when, using an impassioned language, he deceived his followers into believing that an SL victory was imminent.

During the 11 years the Armed Forces have combated terrorist subversion, they had a little more than 800 casualties—merely 0.7 percent of their personnel. Losses suffered by the PNP [Peruvian National Police] during subversive actions total 1,500—nearly 1.3 percent of its personnel. If we look at the situation that faced the Armed Forces in relation with society and the state in general before they engaged in the fight against terrorism, we can see that the situation has greatly improved. Deployment throughout the interior has been stepped up as have the advantages they achieved in the emergency areas and in the Military Political Commands are countless. They also played a decisive role by taking on in the true ruling of the country—if we leave aside all euphemisms.

Abimael Guzman is right when he says there has been a centralization of power, which in turn has strengthened the conditions ("formed the basis" in SL jargon) for the "successful development of a bureaucratic capitalism." Guzman believes a long- term project and a government to "manage it and implement it" have become a state "need" (and therefore, there is nothing we can do but accept it). He is completely mistaken on this point. The need to maintain the current correlation between military commands and Fujimori's reelection may surely be urgent for some, but not for the entire Peruvian society.

Cynically, he notes that the people advocate peace and answers that "he realizes the need...." The truth is that for a long time his so-called people's war has been rejected and caused resentment among the absolute majority of the population. What does he want? Did the cowardly murderers of Maria Elena Moyano, of the children of the Ashaninka Indians whose throats were

sliced, or the car-bomb in Tarata create support for his fundamentalist craziness and his interminable desire for power?

About 1,300 mayors and councilmen—including candidates for those positions—thousands of humble peasants, lieutenant governors, and community leaders as well as hundreds of teachers, and district and union leaders have been murdered in a cowardly manner; some of them out of rage, by SL detachments who put into practice the "Great Military Plan" meticulously prepared in Guzman's morbid mind.

Thousands of youngsters who became fanatics through the "thoughts of President Gonzalo" were tortured, killed or are missing. Many others were killed in clashes with the police. Undoubtedly, also thousands of innocent individuals were jailed, are missing, or were shot in their heads and buried in clandestine graves.

But don't let that lead to confusion. We do not want to put at the same level the action of terrorism and the violation of human rights by the Armed Forces. The spark that started the fire was purposely programmed by Guzman. His objective was to set the meadows on fire. For a long time the Armed Forces, in their effort to put out the fire, made the mistake of throwing fuel instead of water.

Everything that has happened cannot be erased with a simple change of language which is now called "diplomatic." The fact that now Guzman uses the phrase "Mr. President Alberto Fujimori" instead of "sly hotshot who acts as president" does not change in the least the past events and the responsibilities of having shed blood in our fatherland.

In the document, Abimael does not rule out a people's war. Curiously enough, he points out that six or seven years are required to resolve the problems of today's world and, we would add, today's Peru. In a nutshell, Abimael is proposing to suspend his armed actions until the second Fujimori administration ends. Abimael wants "to form close links with the masses" and fight his foes through a hatred based on class differences.

If we consider Abimael's proposal for "objective convergence" with the current Armed Forces echelons, and the acceptance of the Fujimori administration for "historical needs," against whatever—or whomever—the neo-SL people fight in their effort to get close to the masses? Abimael boasts that his followers have always been "politically strong." In a party that has fanatic militants who voluntarily express their "physical submission" to "President Gonzalo," and a totalitarian internal structure, it is not hard to imagine the party's effectiveness in the mass struggle. The APRA [American Popular Revolutionary Alliance] people from the time of the buffaloes and truncheons—the times of the communist workers guard—will seem like a kindergarten compared to the events in store for us.

As Abimael admits in his second letter, and confirms in the document on which we are commenting, the identity of the SL is expressed by the struggle against "revisionism." The SL understands that revisionism basically represents accepting elections as a way to reach power. Therefore, the work with the masses, mentioned by Abimael, does not seek to gain strength for future elections. The goal actually involves fighting the "electioneers" (the traditional parties, especially the legally established left) who are working within the people's organizations.

All this considered, we reaffirm our stance that, if there is a transition toward a "war without bloodshed," we will have a sort of semi-legal neo-SL, with a shock apparatus linked to obscure interests in Peruvian politics until they decide to resume "a bloodletting policy." Let's hope we are mistaken!

Uruguay

President Promotes Officers, Names Deputy Attache to U.S.

PY1602161194 Montevideo EL PAIS in Spanish 9 Feb 94 p 8

[Text] The president of the Republic, with the Defense Ministry's consent, promoted Colonel Juan A. Lezama to the rank of general on 1 February and commissioned Colonel Raul M. Saravia as deputy military attache to the Uruguayan Embassy in the United States. The latter will attend the Inter-American Defense School on 10 July.

By another decree, the following high-ranking officers and chiefs have been commissioned to the following posts:

Major Julio R. Dellaplazzo, to the Armed Forces Housing Services; Lieutenant Colonels Jose F. Varela, Roberto Urrutia, and Adolfo G. Lorier, and Majors Luis A. Beracochea, Carlos E. Acuna, Henry D. Rosadilla, Hugo W. Aguilera, Jesus Esquitin, and Julio C. Casuriaga to the Army General Command so as to be sent to missions abroad; Lieutenant Colonel Jorge W. Rosales as commander of the Uruguayan 2d Battalion; Major Fausto Gressero as deputy commander of the 2d Battalion; and Majors Nelson M. Rodriguez and Gustavo Cardoso as members of the 2d Battalion general staff.

Lieutenant Colonel Nestos Sainz has been appointed division chief with the Army General Staff and Lieutenant Colonel Douglas E. Duarte as commander of the general headquarters.

Major Roberto Fernandez has been appointed commander of the 2d Army Division's general headquarters. Major Carlos J. Rodriguez has been appointed division chief of the 4th Army Division.

Roundup of Reports on Economic Activity

PY1702195794

[Editorial Report] The following is a compilation of reports on economic activities in Uruguay through 17 February:

The Central Bank reported that the state registered a $654.2 million deficit in the January-November 1993 period. This was the result of the public sector's nonfinancial deficit of $194.5 million and the parafiscal deficit of $459.7 million. (Montevideo LA MANANA in Spanish 11 Feb 94 p 38)

The European-Argentine group Miniphone will invest $21 million in the next 24 months on the installation of a mobile cellular telephone system nationwide. This service will benefit 80 percent of the urban population and 70 percent of the rural. (Montevideo LA MANANA in Spanish 11 Feb 94 p 12)

The public sector's deficit increased $69 million in November 1993, raising the cumulative deficit in the past 11 months to $152 million, more than 1 percent of the GDP. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 11 Feb 94 p 10)

Venezuela

Oil Chamber President Assails U.S. Gasoline Import Policy

PA1702230394 Caraca EL GLOBO in Spanish 13 Feb 94 p 15

[Text] The U.S. Government's unilateral decision to prevent the marketing of Venezuelan gasoline in U.S. territory is unfair and detrimental to the excellent trade relations which have prevailed between the two countries until now. Therefore, we must support the actions carried out by the executive branch and the Venezuelan Petroleum Corporation (Petroven) to prevent this measure from being implemented.

The statement was made by Allan Viergutz, president of the Venezuelan Oil Chamber, who believes the current situation "contradicts those excellent trade relations."

Viergutz explained that one of Petroven's most important marketing policies has been to guarantee the United States a reliable and continuous supply of petroleum-related products. This included purchasing and refurbishing a series of refineries, oil pipelines, terminals, and distribution systems.

Consequently, Petroven is currently one of the United States' largest gasoline suppliers, and this is why limitations to the marketing of Venezuelan gasoline in U.S. territory is undeniably an unfriendly action toward our country, which has been one of the United States' most reliable suppliers of oil and petroleum-related products for more than half a century.

"This inexplicable lack of loyalty toward a reliable supplier of the U.S. economy should prompt us to adopt a harder line in our international policy," it was stated by Viergutz. He added that, aside from the technical decisions which Venezuela may adopt in connection with the EPA decision concerning refined gasoline, our country "must adopt aggressive measures through a boycott—not only of oil products imported from the United States but also of industrial products. The Venezuelan market represents an important element in the U.S. export formula."

The Venezuelan Oil Chamber also believes that, in case we are compelled to seek new clients for our refined gasoline because of the EPA's standards, we must counter the measure by importing oil products—which are normally purchased in the U.S. market—from other markets that receive our gasoline. This would mean we would use "economic solutions."

Meanwhile, the Venezuelan Oil Chamber will adopt the necessary actions to sponsor the free marketing of products in the United States, given this "change in relations."

Energy Minister Cited on Gasoline Prices, Talks With U.S.

PA1702182694 Caracas Venezolana de Television Network in Spanish 2350 GMT 16 Feb 94

[From the "The News" newscast]

[Text] Energy and Mines Minister Edwin Jose Arrieta today dismissed the possibility of any increase whatsoever in gasoline prices. Nevertheless, he said that ultimately any decision will be the Venezuelan state's sovereign decision to make.

Arrieta said that to discuss gasoline prices in terms of a necessary increase is a simplistic way of approaching the problem. Instead, he favors reducing basic production costs rather than increasing consumer prices.

[Begin Arrieta recording] We have no plans to discuss an increase in gasoline prices. At any rate, the petroleum product sector can conduct a study at any time to establish operational cost structures and so on, and at that time we would discuss the factors—which, of course, are quite numerous—and study the situation before adopting such a critical measure.

I believe the approach adopted thus far, the thought of increasing and, in fact, having increased gasoline prices already, has been very simplistic. Many factors must be considered, such as economic, operational, and social factors. Also, Venezuela is an oil-producing country and the Venezuelan people should have a relative advantage. [end recording]

Regarding the negotiations under way with the U.S. Government concerning restrictions on Venezuelan reformulated oil imports, Arrieta emphatically denied

that they have failed. On the contrary, he said that progress has been made, adding that during the next round of negotiations scheduled to take place in Caracas, the U.S. representatives will answer 28 technical questions Venezuela will ask concerning its gasoline because, Arrieta reiterated, our gasoline meets the standards demanded by U.S. legislation.

Arrieta also said that the country's oil income has been recalculated and in 1994 is expected to be approximately 110 billion bolivares. He added that Venezuela will propose to OPEC a policy of concerted effort and integration—in other words, a return to the OPEC's original doctrine.

Council of Ministers Decides To Reorganize Banco Latino

PA1802044794 Caracas Venezolana de Television Network in Spanish 2350 GMT 16 Feb 94

[Report by Cecilia Pachano; from the "The News" newscast]

[Text] The national government has decided to restore and reorganize Banco Latino. This information was released by Finance Minister Julio Cesar Rodriguez after the Council of Ministers meeting, which was held at the Presidential Palace, ended. He observed that the taking over of Venezuelan private banks by the government was not proposed at the meeting. Rodriguez added that the Council of Ministers decided to appoint a management council to reinforce the government-appointed administration council, renew the Banco Latino's assets, improve communications between the bank and the people interested in Banco Latino's recovery process, and identify the people who led the bank to its current critical situation.

Finance Minister Julio Cesar Rodriguez said the National Executive had also decided to implement measures that will guarantee the liquidity and standard operations of the entire banking system. This, he said, will require that the private financial sector increase its allocations to Fogade [Deposit Guarantee Fund] from 0.25 percent to 1 percent of the public's total deposits. The government will also bolster Fogade's assets, speed the process to exchange the organization's assets in order to increase its liquidity, and reorganize Fogade. The Executive will also strengthen the supervision of financial institutions once the General Bank Superintendency and Fogade have been reorganized and their management changed, he said.

[Begin Rodriguez recording] The government alerts citizens to rumors aimed at increasing the unease and social uncertainty created by the Banco Latino crisis. The measures to strengthen assets, provide liquidity, improve management, and increase effective supervision assure the normal operations of the banking system and guarantee that people's savings will be secure. [end recording]

Additionally, the finance minister commented that the Council of Ministers will take up the tax issue next week. He added, however, that the general income tax will be implemented this year if it is approved by Congress. The income tax reforms, he said, will go into effect in 1995.

Roundup of Economic Developments

PA1602004094

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments monitored through 15 February.

Convergence Deputy Leonardo Montiel reports the Central Bank of Venezuela used approximately $1 billion to assist banks experiencing difficulties due to "very probable irregular management." The Central Bank president will be summoned tomorrow before the Finance Commission to explain why funds were used to help certain banks instead of depositors. (Madrid EFE in Spanish 2049 GMT 8 Feb 94)

Venzuelan Petroleum subsidiary Lagoven Inc. dispatched a total of 119 million barrels during 1993 from its La Salina Terminal, on the eastern coast of Lake Maracaibo, to export markets and local petrochemical- and petroleum-processing centers. A total of 237 oil tankers were used, of which 168 went to the United States, 35 to Germany, 12 to Canada, eight to Jamaica, six to Chile, three to Africa, two to Norway, and three to the Amuay Refinery in Falcon State. (Caracas REPORTE DE LA ECONOMIA in Spanish 9 Feb 94 p 17)

The National Venezuelan Telephone Company grossed 120 billion bolivares during 1993, twice the amount for 1992. The company president said that at the end of the month the company will pay the National Treasury 6 billion bolivares for concessions granted by the government. (Caracas ECONOMIA HOY in Spanish 9 Feb 94 p 12)

Venezuelan Petroleum subsidiary Maraven increased its level of production and generated significant savings of 10 billion bolivares in 1993, in addition to increasing services for customers via its quality management program. (Caracas EL DIARIO DE CARACAS in Spanish 9 Feb 94 p 19)

The state group Venezuelan Petroleum, via its president, Gustavo Roosen, explains that the fall in petroleum prices on the international markets has forced a review of the 1994 budget and the implementation of appropriate adjustments. As a result, the government will have a much lower tax revenue. Conservatives place the national deficit at approximately $3.5 billion, while pessimists estimate the same at approximately $6 billion, 50 percent of the budget. (Madrid EFE in Spanish 0041 GMT 11 Feb 94)

* Vivas Teran Previews Caldera Economic Policies

94SM0207A Caracas EL UNIVERSAL in Spanish
9 Jan 94 p 12 Section 1

[Article by Mariela Leon]

[Text] The economic team of the administration of President Rafael Caldera is making the final adjustments aimed at reducing the national budget for 1994 by 150 billion bolivares.

It is estimated that as soon as the president enters office, the administration will request an amendment to the Budget Law for 1994 to reduce appropriations and allocations which it considers superfluous and unnecessary.

Abdon Vivas Teran, economic adviser of the next administration and member of the transition team, has pointed out that one of the priorities is to deal with the problem of the budget deficit. That will require carefully adjusting the balance between government income and expenditure.

Public spending is one of the variables which have the most decisive influence on the level of aggregate demand. Consequently, he commented, it has a significant impact on the maintenance of adequate rates of growth of Gross Domestic Product. At the same time, by carefully managing that element it will be possible to have a decisive impact which will lead to a decline in the level of inflation and interest rates and the small scale devaluations through which until the exchange rate between the U. S. dollar and the bolivar has been set.

He stated that the traditional policy of expanding demand tends to limit the scope for reconsidering public spending. Reducing the level of spending to a reasonable extent and, at the same time, reexamining the rest of the budget is another way of saying that we have to reform the Budget Law of 1994.

Vivas Teran said that, "The study conducted by the technical team of the new government indicates that a reduction on the order of 150 billion bolivares of public spending is an objective which can be achieved over the very short term. These adjustments," which are rather limited, "will not be oriented toward the investment area nor toward the socially productive area (education, health, and public security)." He indicated that cuts will be made in appropriations and allocations which have continued to reflect exaggerated levels of spending, such as for automobiles, travel, highways, aircraft, celebrations, and publicity, among other things.

Vivas Teran stated that the president elect has announced a 30 percent reduction in spending on the security of the Presidency and on the secret appropriation of the Ministry of Internal Relations. He rejected the allocation of 60 million bolivares for expenditures related to his inauguration.

Vivas Teran was asked, "Will the bureaucracy be pruned?" He answered: "Yes. Within the goal of reducing the budget by 150 billion bolivares consideration is being given to the elimination of some unnecessary services which probably are duplicated elsewhere. Hence the urgent need for restructuring existing institutions."

He added that action to reduce spending should be accompanied by a series of measures to increase public receipts. These increases should complement the program of reforms aimed at modernizing and placing income tax collection on a better technical basis, as well as other, ordinary tax receipts, including the collection of duties by the customs service of the country Specifically, these involve the following:

- The adequate management of the whole income tax system (without as yet introducing changes in the law which must be approved by Congress), creating an autonomous income tax system and strictly controlling tax collections. This would make it possible for the Ministry of Finance to collect about 260 billion bolivares in 1994 in this category, as compared to the 131 billion bolivares collected up to the end of 1993.
- The next administration should, as a matter of preference, concern itself with tariff collections made by customs offices. It will be necessary to bring up to date a technical cooperation agreement which Venezuela has already signed with the United Nations for trade and development (UNTAC) to modernize the tariff system. Unfortunately, the most intractable focus of corruption in the whole system of government tax collection is in the customs offices. It is essential to wipe out this system of corruption and make changes in management personnel.

In his opinion the efforts which have been made in this direction have been very limited. He stated that receipts by the Treasury from tariffs amounted to 115 billion bolivares in 1993. It is estimated that, with the changes to be made, customs receipts could rise to 350 billion bolivares. In this way the new government, through the application of ethical and administrative principles, will be able to obtain from income tax and customs receipts sufficient resources (about 610 billion bolivares) to resolve the budget deficit to a large extent.

Urgent action should be taken on taxes which are owed but not yet collected and on any tax measure which the government may approve, including those tax cases which have already been decided favorably in the appropriate courts. According to a report from the Hacienda Publica Nacional [National Treasury] for 1992, the cumulative total of all of the potential receipts by the Treasury under this heading amounted to 400 billion bolivares. The most worrisome aspect of this situation is that there has been no will to collect these taxes. Corruption is of such magnitude that frequently obligations to pay are allowed to lapse.

The state can and should begin a healthy and sensible tax collection policy, using law firms and entrusting them with handling this task. Their services would be paid for by a negotiable percentage of the tax collections which they make.

Presenting to Congress as soon as possible changes in income tax legislation, including: (a) eliminating or substantially reducing authorized legal exemptions, especially those which protect the financial sector; (b) slightly increasing the taxes due on corporations. The maximum now is 30 percent. It could be raised to 32.5 percent; (c) reducing the impact of direct taxation by enacting income tax legislation before providing for some other type of tax to replace the burden of indirect taxes on the people. Vivas Teran warned that the collection of income taxes in Venezuela amounts at most to 2.0 percent of Gross Domestic Product. In 1993 it did not amount even to that much. In the United States, for example, income tax collections amount to 10.8 percent of total government income; (d) immediate substitution of the Value Added Tax by a tax on the consumption of luxury articles which would exempt from payment all products of common use by the people and which could start from a given unit value and rise higher.

Abdon Vivas Teran, expected to replace Julian Villalba as president of the Venezuelan Investment Fund, considers that the policy of privatization should be used more as an instrument aimed at correcting structural deficiencies in the distribution of income and property, in the provision of services, and in the level of government efficiency by helping to relieve the excessive burden of the external public debt, rather than as an automatic instrument to compensate for the budget deficit.

Therefore, he added, these processes should guarantee access to property, both by those who work for companies which will be subject to these transactions as well as by persons turning out production inputs, as in the case of the agricultural sector.

He was asked: "At present does the program for participation by the workers provide for the sale of between 10 and 20 percent of the shares in a company to the workers?"

He replied: "I am inclined to review and broaden this program, without suggesting that what has been done so far is not good. It could be better. Furthermore, privatization tends to reduce the portfolio of shares owned by the state. The most advisable action is for a substantial part of those assets to be earmarked to pay debts owed by the nation over the long term. In this way the balance sheet of the Treasury would be protected under optimum conditions.

Vivas stated: "It is clear that our task cannot be to privatize in part and to open another portfolio of unprofitable assets in the hands of the nation. On the other hand everything which adds significantly to the burdens of the state and which could be better handled by the private sector, by mixed private and state companies, or by associations, would be perfectly viable. In the case of companies owned by the Venezuelan Corporation of Guayana, not all of them, in my view, are strategic. Initially, these companies could have a different form of management through mixed private and state firms."

He recalled that the administration of Carlos Andres Perez emphasized to the public the view that state-owned companies are not viable and that they are a useless and costly burden.

Vivas Teran said: "That is a picture which may be true in part, but it is not the whole truth. In some cases the condition of state-owned companies has been deliberately worsened to make the process of privatization easier, taking into account the fact that public opinion was going to react angrily against companies which were not providing the service expected. That is totally correct and, of course, that cannot be the philosophy of the new government."

Vivas Teran stated that, "We are not going to ruin state companies just to sell them for bargain basement prices. We are going to move them into the private sector at a good price, because they are productive and efficient and not because they have been deliberately bankrupted by state administrators."

* Tax Collections in 1993 Summarized

94SM0207B Caracas EL DIARIO DE CARACAS in Spanish 14 Jan 94 p 13

[Article by Rose Mary Gonzatti]

[Text] In 1993, 149,994,761,000 bolivares in ordinary domestic taxes were collected, according to a report prepared by the Incomes Sector of the Directorate General of Taxes of the Ministry of Finance concerning activity by that office in 1993.

This figure includes collections of income tax and taxes on liquor, cigarettes, matches, inheritances, and fees, as well as collections on tax stamps. It indicates an increase of 45.17 percent over tax revenues collected in 1992.

Broken down in detail, tax collections were as follows:

- Income Tax: 103,511.0 million bolivares, compared to 63,486.0 million bolivares collected in 1992, an increase of 63.04 percent. The 1994 budget has set out an income tax collection goal of 136,275.0 million bolivares.
- Alcoholic beverages: In this category the difference between 1993 and 1992 was not so pronounced. In 1992 13,754.0 million bolivares in taxes were collected, a figure which was 7.93 percent higher in 1993, when 14,845.0 million bolivares were collected. The tax collection goal for 1994 is 18,250.0 million bolivares.
- Tax stamps: in 1993 13,368.0 million bolivares were collected, or 24 percent more than in 1992 (when

10,771.0 million bolivares were collected). With the reform of the law on tax stamps it is hoped to collect at least 27 billion bolivares in 1994, due to the increase in tax rates.

- Cigarettes: tax collections in 1993 amounted to 17,104 million bolivares, against almost 14,000 million bolivares in 1992, which was 22.26 percent more in comparative terms.
- Taxes on matches: tax income was 40,147.0 million bolivares in 1993, or 11.26 percent more than in 1992. The report on tax collections states that the goal set by the Directorate General of Taxes was not completely attained, due to the effects of smuggling matches, which resulted in a decline in production.
- Taxes collected on inheritances, donations, and other, related taxes brought in 966.0 million bolivares in 1993, a decline of 17.8 percent, compared to the 1,176.0 million bolivares collected under this category in 1992. According to the report, this is the only tax collection area which declined due to temporary circumstances. The projection for 1994 shows a decline to 650.0 million bolivares.
- Finally, 159.0 million bolivares were collected in fees, or 49.6 percent more than the 106.0 million bolivares collected under this category in 1992. The 1994 budget anticipates collection of 128.0 million bolivares in this category of taxes.

With the exception of income tax, the other, internal taxes showed a growth of only 16.69 percent in 1993, compared to 1992.

The report on tax collection activity in 1993 also showed that the activities of the Directorate of Tax Control in Caracas brought in 55,965.0 million bolivares in income tax. A special plan was set up for tax collections at the regional level.

Another 35,525.0 million bolivares were collected as a result of opening tax cases against 850 taxpayers. This figure broke down to 14,126.0 million bolivares from taxes, 14,396.0 million bolivares from fines, and the remaining 7.0 billion bolivares from interest collections.

Investigations carried out by the Directorate of Tax Collection on financial, industrial, and commercial companies, as well as service companies, had the following results. Reserves set aside amounted to 10,470.0 bolivares, and taxes plus contingencies resulting from reserves set aside amounted to 8.0 billion bolivares.

Investigations carried out in the petroleum sector brought the following results: reserves set aside of 21,207.0 million bolivares and taxes plus contingencies amounting to 29,239.0 million bolivares.

In the mining sector reserves set aside amounted to 643 million bolivares, and taxes plus contingencies amounted to 455 million bolivares.

In 1994, the report states, it is anticipated that a strategy will be followed which will extend until 1996 for increasing tax collection, tax pressure, and a range of tax contingencies, thus reducing tax evasion, delays in tax payments, and requests for resource set aside for litigation.

* IVSS President Proposes Measures, Views Reforms

94SM0207C Caracas EL DIARIO DE CARACAS in Spanish 7 Jan 94 p 18

[Text] Gustavo Gabaldon, president of the Venezuelan Institute of Social Security [IVSS], stated in an end of the year message to workers that the new draft law on social security to replace the present law and the regulations issued under it has been favorably received by the president, who has promised to consider it at a cabinet meeting during the next few days.

The draft bill has also been discussed with senior representatives of the president elect, who also received it favorably.

Gabaldon said in his report that it will not be possible to administer the IVSS properly with a financial deficit of almost one billion bolivares monthly, due to inadequate income to cover the basic expenditures of the institute.

The president of the IVSS proposed six urgently needed measures to the president:

1) Seek passage of a Law on Public Credit, under which the national government will cancel its debt to the IVSS of more than 8.5 billion bolivares.

2) Pass appropriate legislation to restore the technical reserves of the IVSS which are more than 300 billion bolivares short, due to mistakes made in the past.

3) Provide by decree for total coverage of all employees of the national government.

4) Seek a harmonious agreement between employers and workers to raise social security contributions within the next 30 days in such a way that this increase will be insignificant for those with the least resources.

5) Raise the retirement age from 60 to 65 for men and from 55 to 60 for women.

6) Make changes in the percentages relating to each social security fund to make them adequate under present circumstances and separate the various funds, with different administrations and accounting systems.

Gabaldon said that when he became president of the IVSS, the institute was in a state of total collapse in the areas of administration, operations, and finance, notwithstanding the intense effort made by the Committee on Restructuring, which was established under special legislation.

He said that the results of this work became known through a draft social security bill which has still not been introduced in Congress for debate. He pointed out that, notwithstanding the advances made in terms of

decentralization, through harmonious cooperation with several state governments, the financial deficit will continue and become intolerable if significant action is not taken.

The president of the IVSS said that the following actions have already been taken recently:

- Improvements in the quality of IVSS employees.
- Introduction of strict controls over bidding, purchasing, and payments.
- Revision of general procedures.
- Introduction of a system of automatic payments through the banks.
- A total change in the system and control of surveillance of property belonging to the IVSS.
- A substantial improvement in the processes of daily collections and receipts.
- A substantial reduction in debts owed to suppliers and a considerable improvement in the system of payments.
- Elimination of the use of blank payrolls.
- Payment of pensions to workers.
- A substantial improvement in making payments to hospitals and centers of ambulatory health care.
- Raising the minimum IVSS pension to 9,000 bolivares.
- Making up one year of arrearages of unemployment payments; these obligations are now being paid on time.
- Study of an independent social security management system to improve the Pension Fund.
- Elimination of per diem allowances, unnecessary travel within and outside the country, and unjustified overtime payments, including the elimination of chauffeurs and escorts for the president of the IVSS, members of the Board of Directors, and directors of the institute.
- Beginning the process of appraisal and sale of unnecessary IVSS assets.
- Beginning the system of self-administration of hospitals under which they will present their own bills and collect contributions from workers not insured and from private persons or groups holding insurance policies.

Gabaldon pointed out that there is still a long way to go, but we have seen the light at the end of the tunnel through which we have been traveling.

Suriname

Foreign Minister on Recovery Measures

BR1802090394 Rotterdam ALGEMEEN DAGBLAD in Dutch 15 Feb 94 p 5

[Clarisse Buma report on interview with Foreign Minister Dr. S. Ch. Mungra in Paramaribo; date not given: "'The Recovery of the Surinamese Economy Should Limit Exodus'"]

[Text] Paramaribo—In Suriname they are already saying jokingly: Will the last person to leave please switch off the lights. Will that person be President Venetiaan? Or the former Army Leader Bouterse perhaps?

It is estimated that last year another 10,000 Surinamese did not come back from a "holiday" in the Netherlands, like the year before. There seems to be no end to emigration. Many Surinamese are asking themselves in despair how long this can go on. The reasons why the Surinamese people decide to seek refuge abroad in massive numbers have varied: In 1975 it was uncertainty about independence, then it was the military government, and now it is the economic collapse.

Foreign Minister Dr. S. Ch. Mungra also has concern about emigration. Not that Suriname will empty suddenly—in 1992 the General Statistical Office estimated that there were still 420,000 inhabitants. It is above all the departure of the top management which causes him real concern.

"We are in the middle of an economic adjustment program," he said. "That means that purchasing power must be lost. That is a sacrifice. But many people do not want to wait for recovery. Our problem is that we want to consume like a western industrialized country but we produce like a Third World country. Unfortunately, we, the Surinamese, regardless of who is to blame, have been destroying our economy for the last 10 years. Just think about the war here, which led to a drastic drop in exports."

The minister said that the distressing position of education also played a role. In addition to the problems with school transport and the regular strikes, lessons sometimes stop for weeks because a teacher has not returned from his holidays overseas. "That makes people leave too," he said. "They hope to be able to give their children a better education abroad."

The Netherlands is not open to immigration, according to a cabinet decision, and therefore The Hague is sticking by the visa requirement. In contrast, the Paramaribo has been calling for the free movement of people for years.

"Many Surinamese reason as follows: Once I have that visa, I will stay in the Netherlands," Mungra said. "But if you are free to travel, then the urge to stay is far less, because people know that they can always return to the Netherlands. And in my view the Netherlands can build in enough guarantees so that people do not stay unnecessarily."

Abolishing the visa requirement is not a point of discussion between the two countries: Their positions are diametrically opposed. "But I still think that special family links justify the free movement of people," he said.

Wage differences

Despite all the optimism about the start of the Venetiaan Government, very few immigrants return with a bonus to Suriname. "The difference in salaries is too big," Mungra said. "We can never pay them what they earned in the Netherlands. Here a minister earns U.S. $150 , when the salary is converted. That is less than a cleaner receives in the Foreign Ministry in The Hague."

Figures from the Migration Institute in Paramaribo show that the number of people using the scheme annually has varied between 55 and 155 for years. Around half of them are on social security or receive a pension and therefore make no active contribution to constructing the country. It is also estimated that round 50 percent of the returning immigrants are back in the Netherlands after two years.

The minister wants to make a priority of giving upper management a salary bonus in hard Netherlands guilders. The money for this was to come from the development cooperation funding. "We want very much to prevent more management from leaving and encourage well-educated countrymen in the Netherlands to return," he said. "After all, it is they who sustain development. I do not expect any jealous faces in the Army and middle management: We have other support measures for them in prospect."

People were inclined solely to material welfare, Mungra said. "But welfare is not well-being," he added. "In the Netherlands everyone lives on top of one another, you have 1,001 rules and you have to work a whole year for 21 days under the Spanish sun. Here it is easy-going, there is space, a clean environment and there is fine weather every day."

Hopeless

Although the crisis seems to appear more hopeless every day, the minister is strikingly optimistic about the chances of the tide turning. "First of all, we are busy with restoring and—even more so—maintaining the rule of law and democracy," he said. "Because of course those are also important for citizens. I cannot see any new dictatorial movements forming here.

"Also I am hopeful that the development relationship with the Netherlands can be restored in the second half of this year," he said. "Then the industry fund can start up so that production gets going. That will cause an uplift in the economy. That would be an important psychological factor.

"So far we have not been able to impose the price increases because the economic measures were not implemented simultaneously," he said. "You cannot make cutbacks first and only afterwards do something for the productive sector. But we can already see that a large number of investments are getting off the ground: The bauxite sector, the gold and wood sectors, and the oil refinery, which is to be ready in 1996. Also this year we will join Caricom, the Caribbean Community, with a market of 250 million people. You certainly cannot say that Suriname has done nothing to make its economy healthy."

Nevertheless the Netherlands, the Antilles, the United States, and neighboring French Guiana remain irresistibly attractive. Many people have plans to emigrate. But do Surinamese in the Netherlands get what they thought they would find? [passage omitted]